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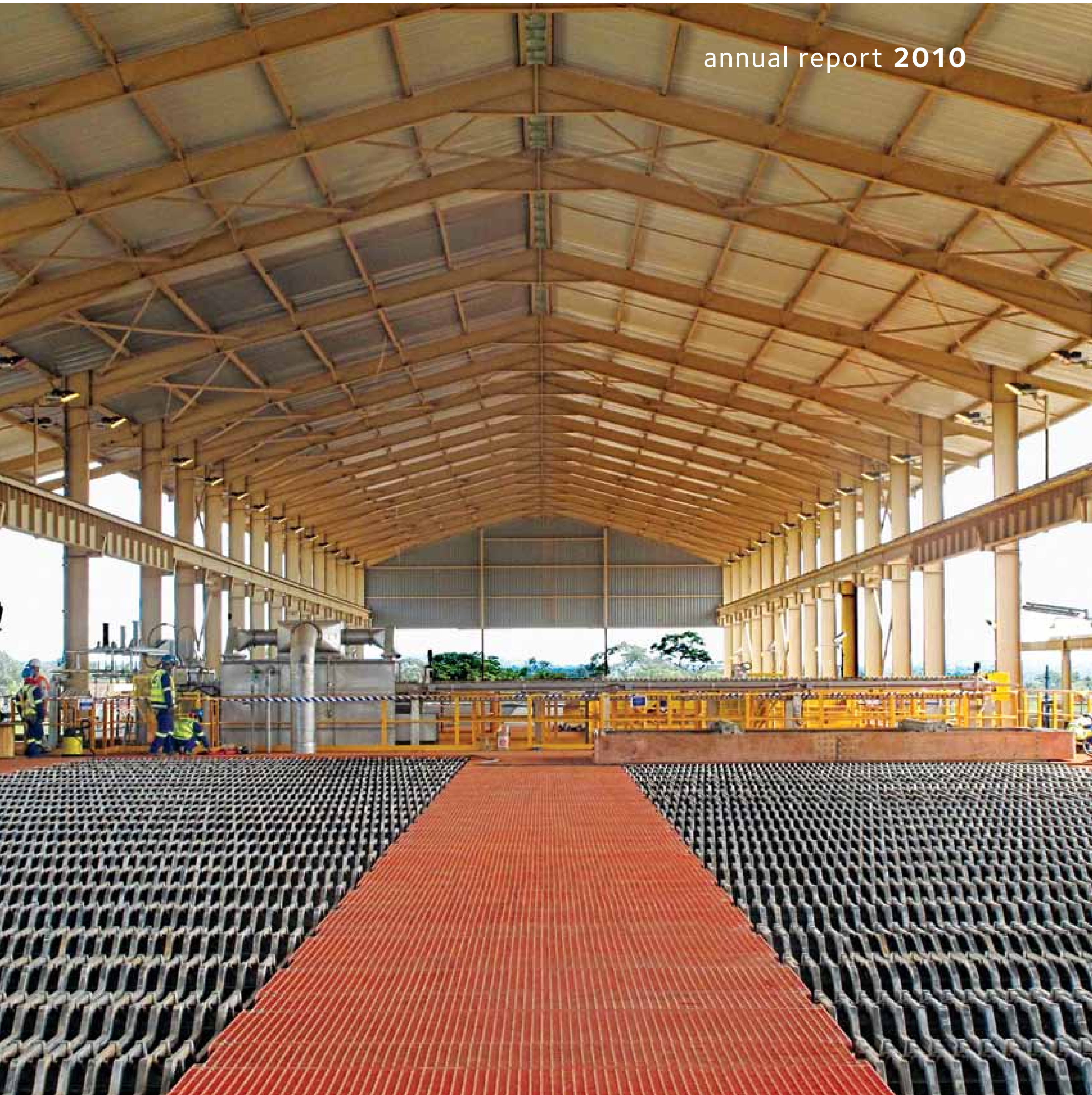
making the transition to SX-EW cathode copper production



annual report **2010**

Cover: Electro-winning tanks at Kinsevere Stage II.

Above: Kinsevere Stage II pipe racks
photo: Jan Van Schaik

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2010 Highlights

KEY FINANCIAL AND PRODUCTION DATA

YEAR ENDED DECEMBER 31,	2010	2009
Financial Statistics		
Net sales ($ millions)	60.1	49.2
Operating profit (loss) ($ millions)	8.7	(7.0)
Net income (loss) from continuing operations ($ millions)	20.0	(17.7)
Profit (loss) per share from continuing operations ($/share)	0.13	(0.18)
Operating cash flow before working capital movements ($ millions)	16.2	0.8
Cash and cash equivalent and restricted cash ($ millions)	64.2	121.6
Long-term debt ($ millions)	31.8	0.1
Production Statistics		
Copper produced in concentrate form (tonnes)	16,538	16,406
Common Shares		
Outstanding	150,788,159	150,353,159
Fully diluted	166,140,864	165,866,864

Corporate Profile

In 2010 Anvil produced 16,538 tonnes of copper in concentrate from its Heavy-Media Separation (HMS) plant at Kinsevere mine. The Kinsevere Stage II SX-EW project, which is almost completed, should produce 60,000t/y of LME-grade copper cathode at a total cash cost, including royalties to Gécamines and the DRC Government, of $1.00/lb Cu, at a copper price of $1.43/lb, based on the March 2010 NI 43-101 Technical Report. The capital cost of the project is approximately $400 million.

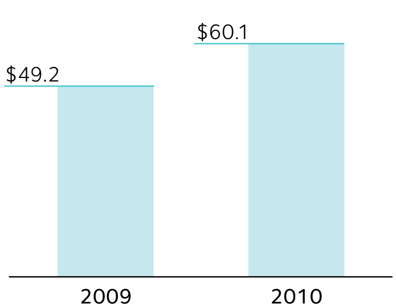
With Trafigura now involved as our strategic partner, we began commissioning the Kinsevere SX-EW plant during the second quarter of 2011, and expect to ramp-up to full-scale production of 60,000t/y copper cathodes during the fourth quarter of 2011.

Anvil plans to consolidate its presence in the DRC once Kinsevere SX-EW has been commissioned, by bringing in neighbouring projects too small to develop as stand-alone projects.

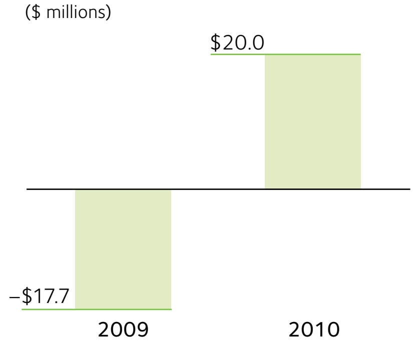
The Company is actively working with the Government, Gécamines and the local population to regenerate the mining industry in the region. It is a very exciting time for the Company as the resource potential of the country is quite significant and there are numerous opportunities for new exploration work to tap into new resources.

All amounts in this report are in US dollars, unless otherwise indicated.

Net Sales
($ millions)

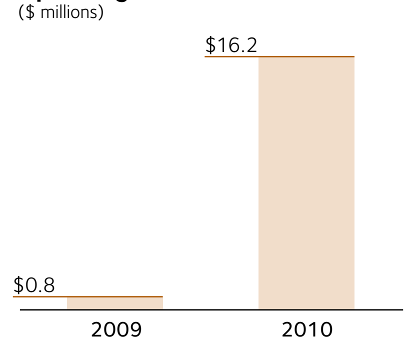


Net Income[1]
($ millions)



1. From continuing operations

Operating Cash Flow[1]
($ millions)



1. Before working capital movements

Bill Turner at Kinsevere Stage II SX-EW plant.

Message from **Bill Turner**

PRESIDENT & CHIEF EXECUTIVE OFFICER

For the past 18 months, our efforts have been directed primarily at the construction of the Kinsevere Stage II SX-EW plant in the Katanga Province of the Democratic Republic of Congo (DRC). The $400 million plant will produce 60,000 tonnes of copper cathodes per year. In parallel with the Stage II plant construction, we have continued to produce copper concentrates at our Kinsevere Heavy-Media Separation (HMS) plant, generating positive cash flow from operations in each quarter of 2010 to cover our general corporate administrative costs as we gear up for the SX-EW operation. During 2010 we produced 16,538 tonnes of copper in concentrate, slightly more than in 2009.

Construction of the Kinsevere Stage II 60,000-tonne per year SX-EW Plant is now **over 95% complete**

MAKING THE TRANSITION TO SX-EW CATHODE COPPER PRODUCTION

The action plan launched in 2009 in conjunction with our strategic partner Trafigura Beheer B.V. has proved a resounding success. Thanks to our partner's financial and technical support, the Kinsevere Stage II Solvent Extraction and Electrowinning (SX-EW) plant is now approaching the final phase of construction, and was more than 95% complete as we went to press. In addition, the commissioning phase is already well under way, with specialized teams on site since the beginning of December. LME-quality cathode copper production should begin during the second quarter and gradually increase during ramp-up to reach the plant design rate of 5,000 tonnes of copper cathodes per month during the fourth quarter of 2011.

Given the progress that has been achieved during the year with the Stage II development and a corresponding sharp rise in base metal prices over the period, Anvil Mining shares more than doubled in price to over C$6.00 at the end of 2010. We anticipate that copper prices will remain firm this year, supported by strong demand, particularly from China, and that the Company will benefit significantly from the timing of the start of our copper cathode production from Kinsevere.

KINSEVERE – A PLATFORM FOR GROWTH

The exceptional copper grade, 3.9% TCu (total copper-oxides), and low waste-to-ore ratio (1.2:1) of the oxide resource makes Kinsevere one of the most attractive copper deposits anywhere. It is logistically well located in the DRC Copperbelt, near the border with Zambia and relatively close to easily-accessible infrastructure. A 30 km 120 kV power line connects the mine site to the DRC regional hydroelectric power grid; a power source that is much more cost effective than oil-fired power generation. Based on the current oxide reserve, the mine will have a processing life of approximately 14 years, with production levels tailing off in the latter years as lower grade material is processed. Kinsevere will be a low-cost operation which at current copper prices will produce very healthy returns and provide a substantial platform for future growth.

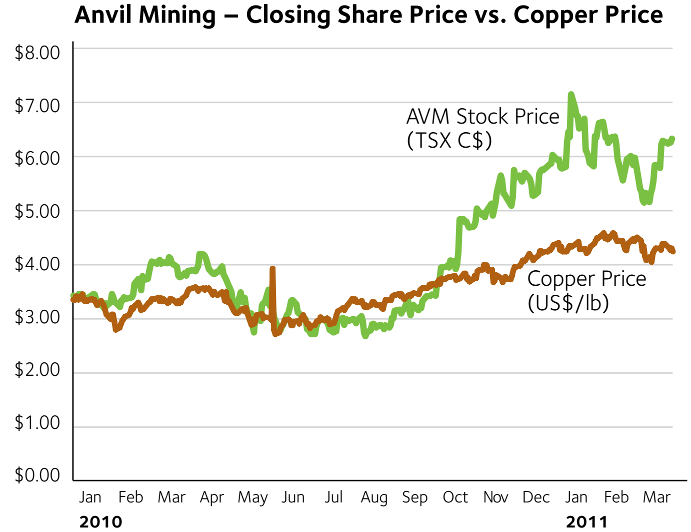
One of the elements we are most proud of is the site safety record. During the Kinsevere plant construction period, when over 1,000 people were on site, we clocked over 2.6 million site man-hours with only one lost-time-injury. We thank the construction team and our main contractors, Ausenco, Group Five and MCK, for their close attention to site health and safety during what has been a period of intense construction works in the DRC. The training efforts of our contractors were extremely effective; something we can all be proud of.

2010 FINANCIALS – RETURN TO PROFITABILITY

For the 2010 financial year, the Company generated net copper sales of $60.1 million, operating cash flows of $16.2 million before working capital movements, and net income of $20.0 million ($0.13 per share). These results are an improvement over those for the previous year, reflecting the successful execution of our 2010 operating plan.

With the funds available from the $100 million Trafigura Loan Facility (which is being used exclusively to complete construction of Kinsevere Stage II), as well as additional funds received from the liquidation of available-for-sale investments in the fourth quarter of 2010 and the recent exercise of warrants by Trafigura, the Company is fully funded to complete Stage II. As of March 1, 2011, we had a consolidated cash balance of $51 million and access to $43 million of undrawn debt, sufficient to take the Kinsevere Stage II SX-EW plant through construction completion, commissioning and ramp-up to full-scale production.

Anvil Mining – Closing Share Price vs. Copper Price




Installation of pumps at one of the solution ponds.

OUTLOOK

The first cathode copper production is expected to start during the ore commissioning period in the second quarter and to build to designed capacity over the following months. Production for 2011 will consist of a mix of copper concentrate from the HMS plant and copper cathode from the SX-EW plant. The HMS plant will continue to be operated until the SX-EW plant reaches a satisfactory monthly production rate, after which the HMS plant will be put on care and maintenance.

We believe that Kinsevere will serve as a very robust platform for future growth. There is potential for expansion beyond the current design of 60,000 tpa of copper cathodes, as well as significant opportunity for consolidating our presence in the DRC and building a pipeline of growth projects. We recently reactivated our exploration efforts at Kinsevere and within a 50 km radius of the new plant. We have also initiated planning for future exploration and evaluation work on the Mutoshi property on the Kolwezi Klippe, in the heart of the DRC Copperbelt.

2011 Objectives

Anvil's operating presence in the DRC since 2002 has enabled it to accumulate a significant amount of know-how and experience which provides a meaningful competitive advantage. Our employees are talented and tackle their workdays with energy and enthusiasm, and we are confident that together we will meet our stated objectives, which for 2011 are as follows:

- Complete the Kinsevere SX-EW plant commissioning in Q2 2011 and start the ramp-up phase this summer;
- Begin production of copper cathodes in the second quarter of 2011 and achieve design capacity of 60,000 tonnes per year by year-end;
- Complete a scoping study on a Kinsevere SX-EW plant expansion and begin construction before year-end;
- Re-establish a substantial exploration effort, with over 15,000 metres of drilling on the Kinsevere sulphides starting in the second quarter of 2011, a regional exploration effort within a radius of 50 km of the Kinsevere plant, and a planned 33,000-metre infill drilling program at Mutoshi in the second half of 2011;
- Continue efforts to position the Company to be an employer of choice and a partner of choice by providing opportunity and human resource development; and
- Continue to foster our employees' awareness of environmental, health and safety issues through intensive training, and enhance our social development efforts in the communities local to our projects.

Ball mill and leach tanks — Kinsevere Stage II plant.

On a **Personal Note**

After more than 42 years of working in the mining industry, the last 16 of which have involved the DRC, I have announced my retirement. I would like to take this opportunity to share some aspects of my experience in the Congo.

The Congo has a wealth of high-quality, undeveloped mineral resources, which is what first attracted me to Congo (or Zaïre as it was called at the time) and in turn led us to develop three mines in Katanga Province between 2002 and 2008. We understood the concept of risk and reward and, accordingly, were able to muster the resources to manage the logistics and political risk and consequently enjoyed the rewards of these projects. Working in the DRC demands patience, tact and tenacity. Anvil has succeeded in building a solid reputation in the country for its contribution in both economic development and importantly, social and community development.

Over the years, we have learned to work with the Congolese culture and to engage meaningfully with the people and understand their immediate, basic social needs, such as education and health, opportunity for gainful employment, access to clean water and infrastructure development. As a Company, we have been able to open the door to opportunity and have learned to foster a sense of humanity and spirit that flows out into the community to create a future we can all be proud of.

This month, the board of directors announced that the Company leadership will be turned over to Darryll Castle, an engineer with over 15 years of senior management experience in the mining, civil and financial industries. Darryll has a solid work history in Africa, and in the DRC in particular, where he was Chief Operating Officer with Metorex Limited. He will now bring his talents to bear on the many aspects of developing and operating in the region, as well as expanding our business in the DRC and elsewhere. I have agreed to remain with the Company in an advisory capacity to assist in the management transition and perhaps pass on some of my acquired experience and lessons I have learned.

The accomplishments of 2010 did not occur by chance, and could not have been achieved without our strong team of talented Congolese employees and our expatriates, who come from all parts of the world, our Perth, Montréal and Johannesburg based employees, as well as our contractors and subcontractors, all working with a sense of common purpose. We also thank our shareholders for their support, understanding and patience during construction of the Kinsevere SX-EW plant, now on the verge of completion. Kinsevere Stage II is a significant development in one of the most challenging environments in the world. Finally, I would like to thank the members of the board of directors for their sound advice during the year. Once Kinsevere is producing LME-grade copper cathodes, the focus will be on optimizing the performance of this low-cost producing asset, and delivering future growth.

Bill Turner,
April 2011

As a company, we have learned to **foster a sense of humanity and spirit** that flows out into the community to create **a future we can all be proud of**

The ball mill at Kinsevere Stage II plant.

We are positioning the Company for **organic growth** with possible **plant expansion** at Kinsevere SX-EW

Operations

KINSEVERE STAGE II SX-EW NOW OVER 95% COMPLETED, FULL COMMISSIONING TO START SOON

As at mid-April 2011, the project is 95% completed and forecast to start the ore commissioning this coming month and to begin production of copper cathodes during the second quarter.

More than 1,000 construction workers and management personnel are working hard to complete the project and move to successfully reaching design capacity as soon as possible later this year. A full commissioning team is on site and commissioning work is well under way. On a very positive safety note, and considering the intensity of the work around the plant with multi-disciplinary teams, we are very proud to have achieved over 2.6 million man-hours with only 1 LTI (lost-time-injury). Safety continues to be a high priority. Over the next few months we will continue the integrity testing and early commissioning works on the plant to confirm functionality of all the process circuits prior to the introduction of ore.

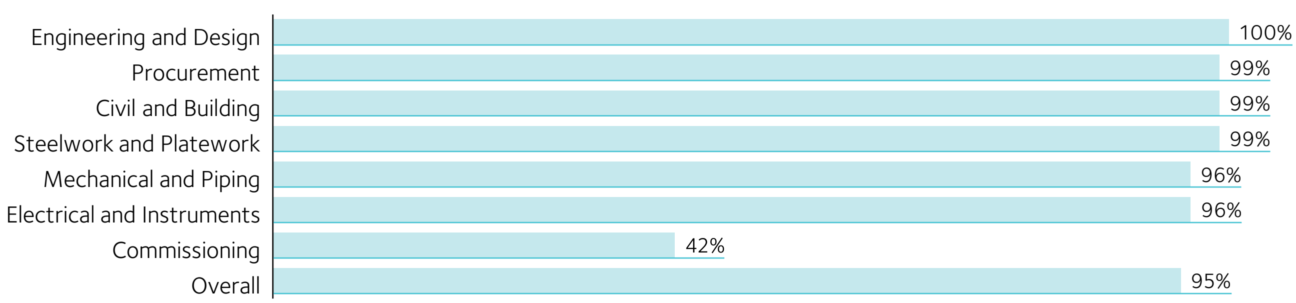
We are positioning the Company for organic growth with a possible plant expansion at Kinsevere SX-EW for which we should have a scoping study completed before the end of this year.

2007: Kinsevere Stage II SX-EW
October 2007, commencement of construction

Investment of $400 million

2011: Kinsevere Stage II SX-EW – March 2011

Project status – end March 2011



KINSEVERE HMS PRODUCTION

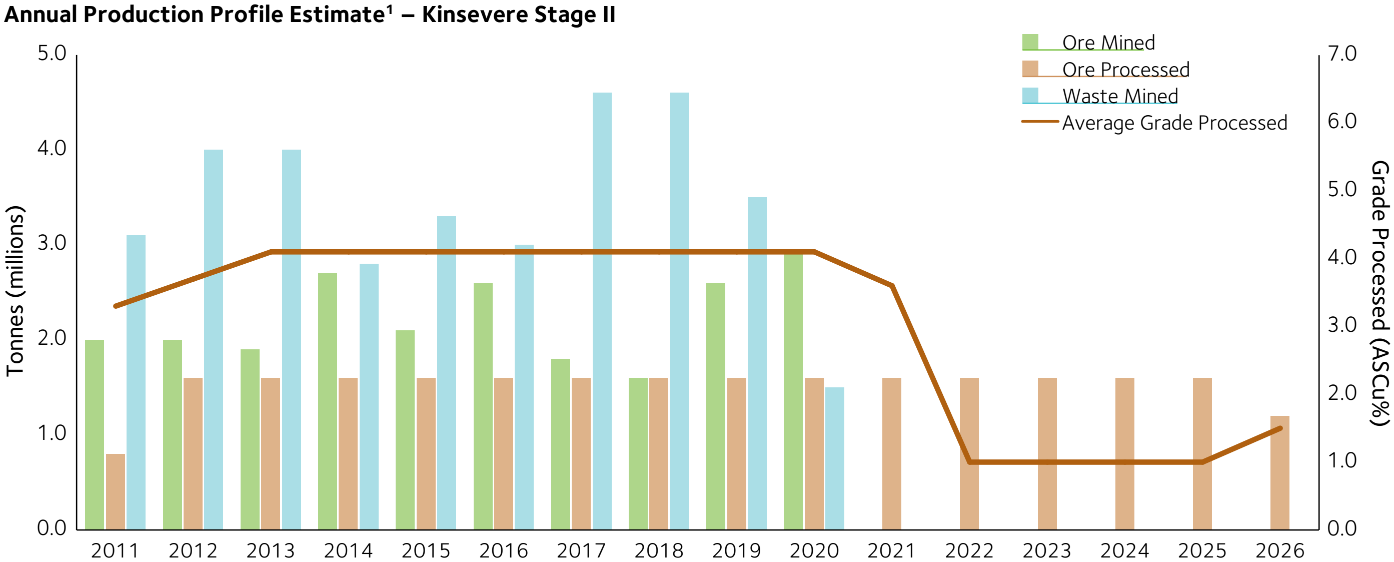
During 2010, the HMS plant generated net revenue of $59.1 million and incurred cash operating expenses of $28.6 million, resulting in a positive cash flow from HMS operations of $30.5 million. After accounting for expenses of $17.3 million related to care and maintenance of the Mutoshi mine, corporate overheads, social development and sustaining capital expenditure, operation of the HMS plant provided a positive net cash flow of $13.2 million for the year. Once the SX-EW plant reaches design capacity of 5,000 tonnes of copper cathodes per month, the HMS plant will be put on care and maintenance.

PRODUCTION STATISTICS

Kinsevere mine	**2010**	2009
Ore processed[1] (tonnes)	**303,162**	231,823
HMS Copper grade (% Cu)	**7.1**	8.2
Contained copper in ore (tonnes)	**21,398**	19,066
Recovery Cu (%)	**68.3**	76.0
Copper produced in concentrate – HMS (tonnes)	**14,608**	14,499
Copper produced in concentrate – Spirals (tonnes)	**1,930**	1,907
Copper produced in concentrate – HMS and Spirals (tonnes)	**16,538**	16,406
Concentrate produced – HMS and Spirals (tonnes)	**67,128**	62,468
Costs of production ($)		
Operating cash costs per tonne of concentrate (ex mine gate) $/tonne	**349**	218

1. Ore processed at Kinsevere relates to ore processed through the HMS plant.

Annual Production Profile Estimate[1] – Kinsevere Stage II

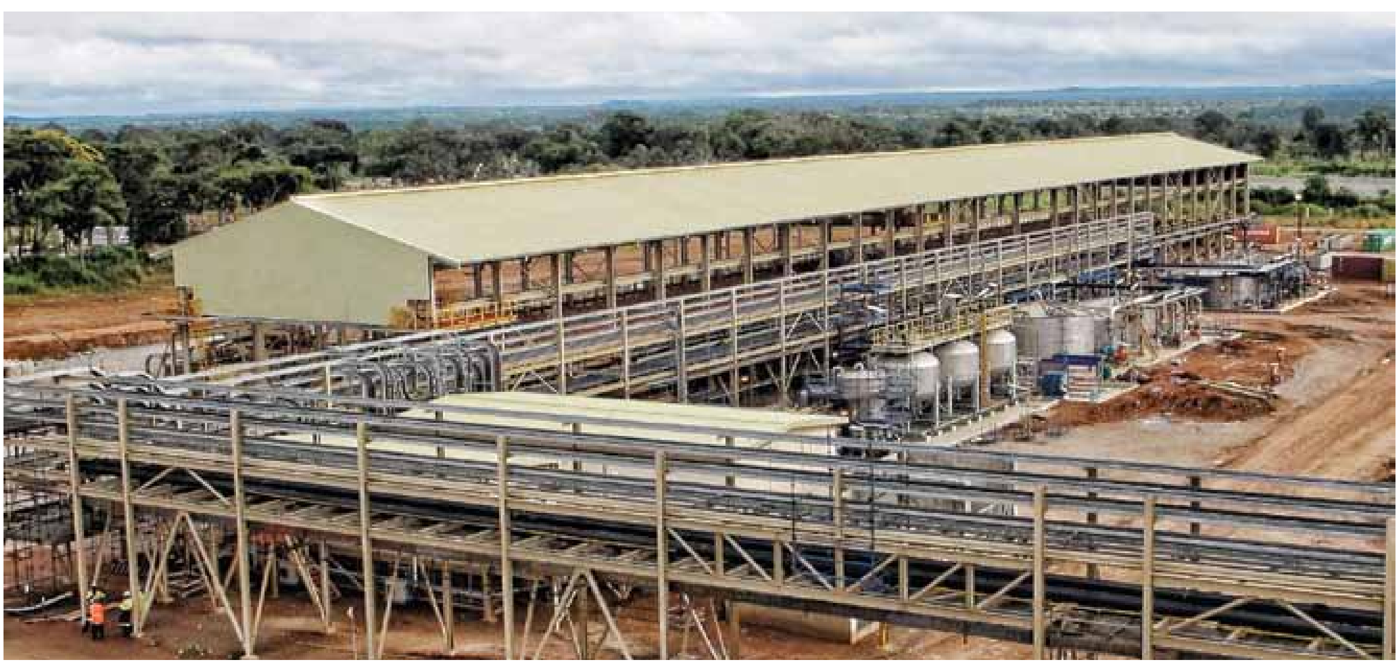


1. As per the Annual Information Form (AIF) Mineral Reserves update, filed on SEDAR at www.sedar.com on March 31, 2011.

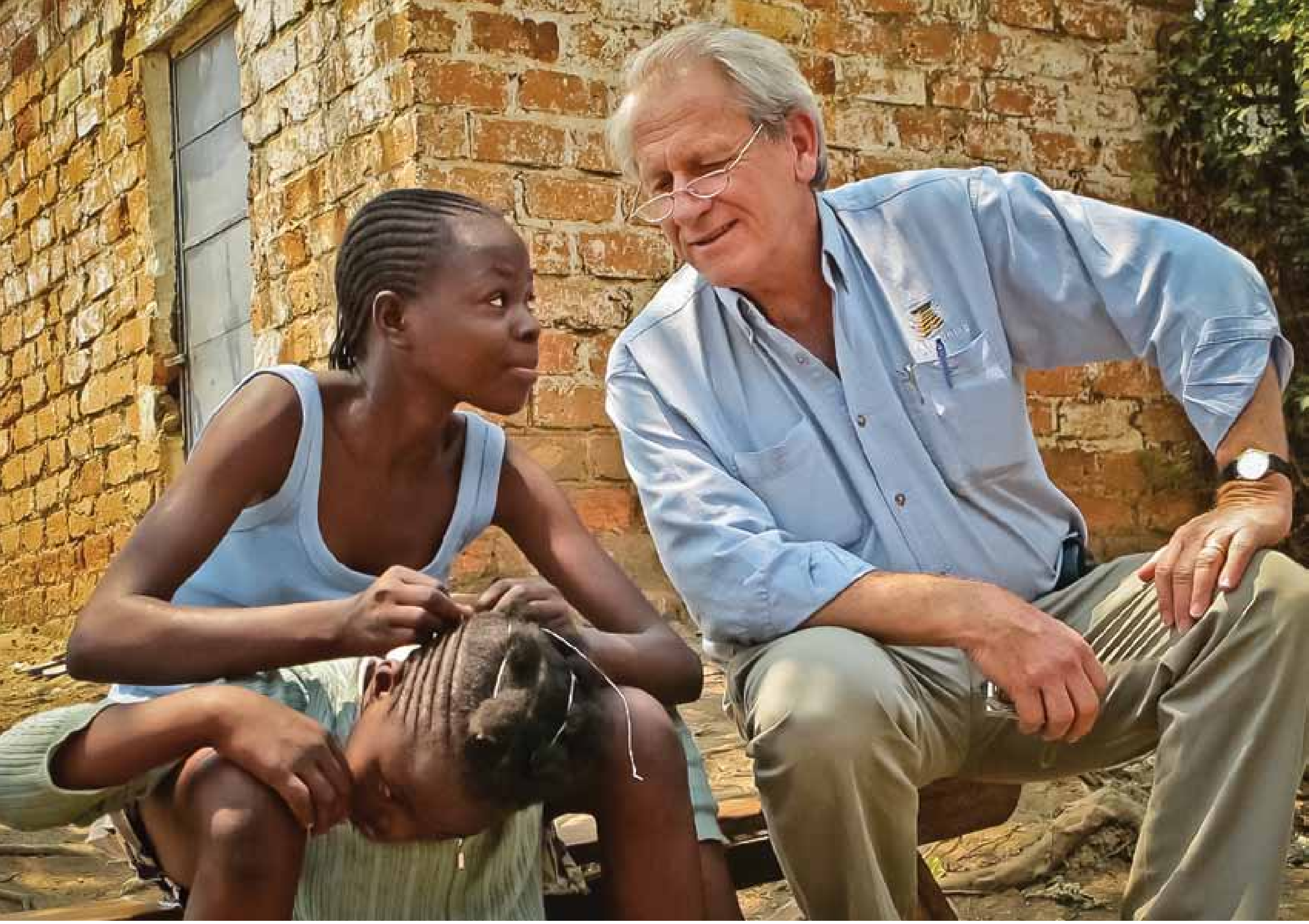
Process control room

Valve installation

Crusher, mill feed conveyor and sampling machine at Kinsevere Stage II.



Kinsevere Stage II tankhouse



Bill Turner at Maison d'acceuil Amani (orphanage) in Lubumbashi.

Community Engagement – A firm that learns

Anvil's collaboration with nearby communities aims to build self-sufficiency in the local and regional economies. The first step for Anvil has always been dialogue and meaningful engagement, and the participation of all stakeholders in planning for poverty reduction and future prosperity. Only when members have agreed on a strategy and communities have endorsed a program of development will the program be implemented. It may be small loans or support for innovative farming practices, water wells or clinics. What is important from Anvil's perspective is to initiate and promote social and community development projects that have broad-based community support.

Kolongo School

Revolution Clinic

Anvil's success in maintaining a program of sustainable development with demonstrable results depends on **the Company's capacity to learn**

Anvil has financed the construction or refurbishment of nine schools (over 4,000 students) in the vicinity of its mine developments. Hospitals have been remodelled at two locations. Medical clinics have been built. An extensive water project in Katanga brings clean water to a medium-sized city. Where possible, Anvil gives the highest priority to programs that will, themselves, generate resources. Microfinance schemes, markets, roads (over 100 km of road refurbishment work – the Kinika Bridge), city water schemes and innovative farming projects (5,400 small-scale farmers covering over 510 ha) are some of the programs that Anvil has financed. These projects have community support and have been explicitly designed for sustainability, building productivity and entrepreneurship, trade and improving community health and well-being.

Anvil has committed itself, from the beginning, to a philosophy of development that puts the emphasis on mobilizing locally for building long-term prosperity. The Company has disbursed over $22 million in social investments over nine years and the programs will grow as returns from the Kinsevere SX-EW plant grow.

Temporary cutbacks to Anvil's production in the past year have reduced the scope of social programs. During this period, Anvil was forced to reduce staff and curtail expenditures. But it has continued to meet its original commitments to communities around its operations. These commitments remain a high priority. For 2010, the Company distributed over $0.8 million for social programs. As Anvil moves to restore production to its previous levels, the Company looks forward to building on the lessons it has learned over the past years, to make social and community development investments ever more effective.

Anvil's success in maintaining a program of sustainable development with demonstrable results depends on the Company's capacity to learn. Corporate transparency, openness in its operations and a commitment to regular assessment of its performance in meeting high social responsibility standards are fundamental to Anvil's approach.

At the end of 2010, the Company embarked on a program designed to embed the principles contained in the Voluntary Principles on Security and Human Rights (VPSHR) into the cultures of Anvil and two other foreign companies operating in the same general region of the Katanga Copperbelt. This important work is being led by Anvil and will involve the office of the Governor of Katanga, the DRC provincial military and police. This is industry-leading work designed to improve the investment climate for all investors in the Katanga province.

Inquiry, regular reporting and stringent transparency measures are now cornerstones of Anvil policy. Since June 2010, the Company has been a supporting member of the Extractive Industry Transparency Initiative (EITI) which requires supporting corporations to report all government payments. This represents a further step taken following the Corporate Social Responsibility and Sustainability Charter adopted by the Board of Directors in 2007 which articulates how it expects to meet its corporate social responsibilities.

Kawama Market

Kinika Bridge

Kinsevere Mineral Reserves and Resources **2010**

At December 31, 2010

Classification	Category	Tonnes (million tonnes)	Grade TCu (%)[3]	Grade ASCu (%)[3]	Contained TCu or ASCu (thousand tonnes)
MINERAL RESERVES[1]					
Kinsevere Oxide Mineral Reserve					
Tshifufia, Tshifufiamashi & Kinsevere Hill Pits	Proven and Probable	22.13	3.97	3.22	712.1 ASCu
Stockpiles	Probable	2.66	1.92	1.61	42.7 ASCu
Total Pits and Stockpiles	Proven and Probable	24.79	3.75	3.04	754.8 ASCu
MINERAL RESOURCES[2]					
Kinsevere Oxide Mineral Resource					
Tshifufia, Tshifufiamashi & Kinsevere Hill oxide deposits	Measured and Indicated	28.96	3.60	2.85	824.8 ASCu
Kinsevere Sulphide Mineral Resource					
Tshifufia and Tshifufiamashi sulphide deposits	Measured and Indicated	11.86	2.67	1.09	317.0 TCu
Total oxide and sulphide deposits	Measured and Indicated	40.82	3.33	2.34	1,359.5 TCu
Total oxide and sulphide deposits	Inferred	13.45	2.62	0.88	352.8 TCu

A revised Canadian National Instrument ("NI") 43-101 Technical Report has been lodged on the SEDAR website in March 2010 at www.sedar.com. The above estimates supersede those in that Technical Report.

1. The Mineral Reserve estimate has been classified and reported using the guidelines of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves ("The JORC Code, 2004"). These guidelines are generally consistent with those required by the NI 43-101 – Standards of Disclosure for Mineral Projects. The Proven and Probable Mineral Reserves relate to oxide mineralisation only and are included within the Measured and Indicated Mineral Resource. The Mineral Reserve estimate is based on a copper price of $1.75/lb Cu and an associated marginal cut-off grade of 0.55% ASCu. The Mineral Reserve estimate was prepared by Mr Anthony Cameron of A & J Cameron and Associates Pty Ltd, who is a Qualified Person in accordance with NI 43-101.
2. The Mineral Resource estimate for Tshifufia and Tshifufiamashi was prepared by Mr David Gray of Optiro Pty Ltd, whilst the Mineral Resource estimate for Kinsevere Hill was prepared under the supervision of Mr Gerry Fahey of CSA Global Pty Ltd. All samples were assayed at the ALS Chemex laboratory in Johannesburg or at the ActLabs Pacific laboratory in Perth, Australia. Standard QA/QC checks were applied throughout the drilling program, including the submission of certified reference materials, duplicate samples and blanks. A reporting cut-off grade of 0.5% TCu has been used for both the oxide and sulphide Mineral Resource estimate. Messrs Gray and Fahey are Qualified Persons in accordance with NI 43-101.
3. TCu stands for Total Copper; ASCu stands for Acid Soluble Copper (ie, pertaining to the recoverable oxide copper mineralisation for the Stage II solvent extraction, electro-winning ("SX-EW") plant).

Note: More details on Reserve and Resources estimates can be found in the Annual Information Form (AIF) filed with SEDAR at www.sedar.com on March 31, 2011.

Kinsevere Central Pit (Tshifufia)

Management's **Discussion and Analysis**

Fourth Quarter Ended December 31, 2010

Set out below is a review of the activities, results of operations and financial condition of Anvil Mining Limited (the "Company") and its subsidiaries (collectively, the "Group" or "Anvil") for the fourth quarter and 12 months ended December 31, 2010. The discussion below should be read in conjunction with the audited consolidated financial statements of the Company for the fourth quarter and twelve months ended December 31, 2010 and the notes accompanying. The Company's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

Capitalized terms used and not defined below have the meanings given to them in the consolidated financial statements and the notes accompanying. References below to "$" or "US dollar" refer to United States dollars. The Company uses the US dollar as its reporting currency. Certain financial information relating to Anvil set out below originates in Canadian dollars ("C$"), or Australian dollars ("A$"), and has been translated into US dollars, based on prevailing exchange rates and in accordance with Note 2 to the audited consolidated financial statements for the 12 months ended December 31, 2010.

Additional information relating to the Company, including the Company's most recent annual information form, is available on SEDAR at www.sedar.com under the Company's profile.

This management's discussion and analysis of financial condition and results of operations is as of December 31, 2010. Please note that balances as of a date other than December 31, 2010 are unaudited, for discussion purposes only and represent an approximation by management.

1. PERFORMANCE SUMMARY AND OUTLOOK

Key points for the quarter

- Net copper sales of $15.2 million compared to $23.5 million for the fourth quarter of 2009.
- Net income from continuing operations of $2.3 million ($0.01 per share), compared to $10.9 million ($0.09 per share) for the fourth quarter of 2009.
- Cash flows from operating activities, before working capital movements, of nil ($0.00 per share), compared to positive cash flows of $11.5 million ($0.09 per share) for the fourth quarter of 2009.
- Average realized copper price of $3.55 per pound, compared to $3.09 per pound for the fourth quarter of 2009.
- Quarterly production of 3,817 tonnes of copper, compared to 4,970 tonnes of copper in the fourth quarter of 2009.

Key points for the 12 months

- Net copper sales of $60.1 million compared to $49.2 million for 2009.
- Net income from continuing operations of $20.0 million ($0.13 per share), compared to net loss of $17.7 million (–$0.18 per share) for 2009.
- Positive cash flows from continuing operations, before working capital movements, of $16.2 million ($0.11 per share) compared to positive cash flows of $0.8 million ($0.01 per share) for 2009.
- Average realized copper price of $3.27 per pound, compared to $2.56 per pound for 2009.
- Production of 16,538 tonnes of copper, compared to 16,406 tonnes of copper during 2009.

Operations:
Kinsevere Heavy-Media Separation ("HMS") plant

During the fourth quarter of 2010, the HMS and spirals plants produced 15,082 tonnes of concentrate, at an average grade of 25.4% copper for 3,817 tonnes of copper contained in concentrate. For the 12 months ended December 31, 2010, the HMS and spirals plants produced 16,538 tonnes of copper contained in concentrate.

Key performance details of the HMS plant for the December quarter and 12 months ended December 31, 2010 and comparative information for the corresponding periods in 2009 are set out in the table below:

OPERATING PERFORMANCE: KINSEVERE HMS PLANT	Q4 2010	Q4 2009	Year 2010	Year 2009
Ore processed – HMS plant (dmt)	88,044	65,313	303,162	231,823
Feed grade – HMS (%)	6.0	8.9	7.1	8.2
Contained copper – HMS (tonnes)	5,319	5,782	21,398	19,066
Recovery Cu – HMS (%)	64.5	77.0	68.3	76.0
Concentrate produced – HMS and spirals (tonnes)	15,082	18,911	67,128	62,468
Concentrate grade – HMS and spirals (% Cu)	25.4	26.3	24.6	26.3
Copper produced in concentrate – HMS and spirals (tonnes)[1]	3,817	4,970	16,538	16,406
Copper sold – tonnes Cu	3,803	7,816	16,866	19,577
Average realized price – $ / lb	3.55	3.09	3.27	2.56
Operating cash cost (ex mine gate) – $ / tonne concentrate	456	304	349	218

1. In addition to producing a coarse concentrate from the HMS plant, a fine grained, slightly lower grade concentrate is produced from a spirals circuit, through which the fines (<0.6mm) that are screened off before the HMS circuit, are treated.

During the fourth quarter of 2010, the HMS plant generated net revenue of $15.2 million and incurred cash operating expenses of $8.2 million, resulting in a positive cash flow from HMS operations of $7.0 million. After accounting for expenses of $5.2 million related to care and maintenance of the Mutoshi mine, corporate overheads, social development and sustaining capital expenditure, operation of the HMS plant provided a positive net cash flow of $1.8 million for the December quarter.

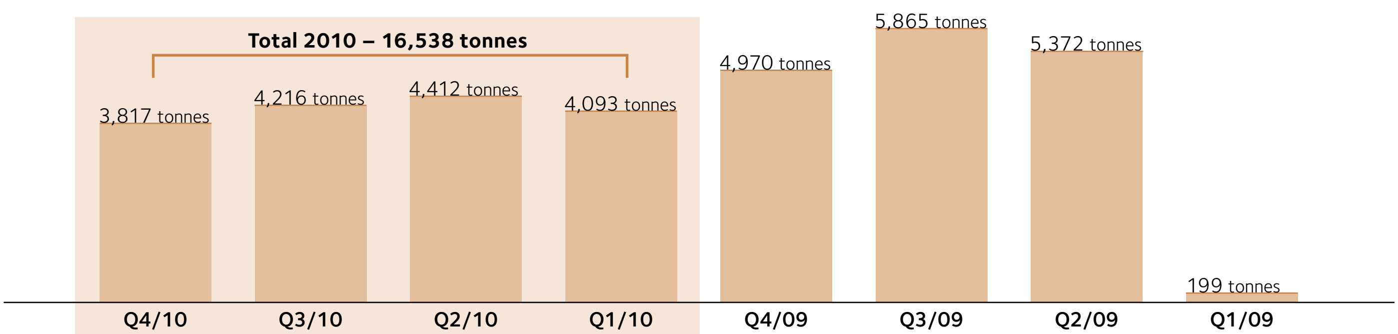
The table below illustrates the cash performance of the Kinsevere HMS plant for the fourth quarter and 12 months ended December 31, 2010:

FINANCIAL PERFORMANCE: KINSEVERE HMS PLANT	3 months ended December 31, 2010 $ million	12 months ended December 31, 2010 $ million
Sales	15.2	59.1
Operating expenses	(8.2)	(28.6)[1]
Cash generated from HMS operations after operating expenses	**7.0**	**30.5**
Care and maintenance expenses	(1.6)	(3.6)
Sustaining capital expenditure	(0.6)	(3.0)
Corporate overhead expenses	(3.0)	(10.7)
Cash generated from HMS operations after operating and Group expenses	**1.8**	**13.2**

1. Includes sales costs of $5.2 million.

Copper Production

Kinsevere copper production for the last eight quarters is shown in the following chart:



Mutoshi

During February 2011, the Company signed an agreement with Alexander Mining plc ("Alexander") for Alexander to build and operate a pilot plant (the "Pilot Plant") to treat up to 150,000 tonnes of cobalt ore at Anvil's Mutoshi deposit located in the Kolwezi region. The Pilot Plant will utilize Alexander's proprietary ammonia-based leaching technology to process ore from Anvil's Mutoshi deposit, for the production of cobalt metal. Under the terms of the agreement with Alexander, Alexander is responsible for financing the construction and development of the Pilot Plant.

KINSEVERE STAGE II

The Group's focus of effort is on the completion of the final stages of construction of the Stage II 60,000 tonnes per year Solvent Extraction-Electrowinning ("SX-EW") plant, successfully commissioning the SX-EW plant during the second quarter and reaching design capacity as soon as possible later this year. The immediate priority is on continued integrity testing and pre-commissioning of the plant to confirm functionality of all of the process circuits.

As expected, construction during December and January was affected by the wet season, but solid progress has been achieved and as at the end of February 2011, the project was over 90% complete. Maintenance and operations teams are now fully established, the process shift teams have been appointed and training is being conducted at Kinsevere, aided by a pilot SX plant.

A full commissioning team is on site and commissioning work is under way. The main 33 kV high-voltage power line is now energized enabling substations in various areas including crushing, grinding, solution ponds, SX and EW, tailings transfer and reagents services to be powered up. Commissioning of most utility systems has commenced, including: air, fire water, raw water and potable water.

Wet commissioning activities have commenced in the leach area, the CCD rake systems, flocculant make-up areas, diluent unloading and storage systems and the low-grade SX area. The acid unloading and storage facility is operational, with approximately 1,500 tonnes of 98% concentrated sulphuric acid now stored in this facility. Delivery of diluent is expected to commence during March. In addition, the anode load-up for Tank-house 1 has been completed and the cells for Tank-house 2 are in place. The commissioning of safety showers, fire hydrants and air systems in various plant areas is progressing well.

As at February 28, 2011, $152 million of the $200 million budget for completion of construction had been spent, $111 million of which relates to Ausenco Engineering, Procurement and Construction (Lump Sum Turn Key) Contract (the "EPC Contract") costs and $41 million to Owner's Costs, with a further $33 million committed for a total spent and committed amount of $185 million of the remaining $200 million required to complete the project.

Restart of Exploration

With the Group's focus on the completion of Kinsevere Stage II and achieving a low-cost operation of the Stage I Heavy-Media Separation ("HMS") plant at Kinsevere, there has not been available capacity to carry out exploration. During 2011, the Group plans to restart exploration, targeting the following areas:

- Identification of opportunities in close proximity to Kinsevere, which is currently the immediate priority of the Manager of Exploration and an expatriate exploration geologist, both of whom were recruited during the fourth quarter of 2010.
- Further drilling at Kinsevere in order to delineate an expanded sulphide resource. Results from previous drilling at Kinsevere identified the following sulphide resource:
  - A Measured and Indicated Resource of 3.76 million tonnes with a total copper grade of 3.70% for approximately 139,000 tonnes of contained copper; and
  - An Inferred sulphide resource of 12.6 million tonnes with a total copper grade of 3.54% for approximately 447,000 tonnes of contained copper.
- Prior to being placed on care and maintenance, a 55,000 metre drilling program was completed at Mutoshi and the Group plans to start an in-fill drilling program later in 2011, the objective of which is to define sufficient near-surface oxide copper and cobalt mineralization to enable evaluation of development options.

Liquidity, Cash and Debt Financing

As at February 28, 2011, Anvil had approximately $51.4 million in cash, all of which is held on deposit with international banks and restricted cash of $7.8 million, the majority of which relates to cash collateral in connection with security in place under the EPC Contract. The Group has commitments of approximately $33.0 million that relate to the Kinsevere Stage II development. In January 2011, $7.2 million for a *Pas de Porte* (Entry Premium) payment was paid to La Générale des Carrières et des Mines ("Gécamines"), being the second and final payment with respect to the Mutoshi amended agreements.

During December 2010, the Group completed the liquidation of its available-for-sale debt investments for proceeds of approximately $24.5 million, which together with the sale of the available-for-sale equity investment (Chalice Gold Mines Limited, $5.6 million) generated total proceeds of $30.1 million. In January 2011, Trafigura Beheer B.V. ("Trafigura") exercised 6.0 million common share purchase warrants (the "Warrants") for proceeds of approximately $16.6 million. In addition to its cash, as at March 17, 2011 $43 million of the $100 million project loan facility (the "Loan Facility") provided by Trafigura remains undrawn.

Together with the $100 million project loan facility (the "Loan Facility") provided by Trafigura, the proceeds of which are being used exclusively to meet costs associated with the completion of construction of Kinsevere Stage II; and additional funds received from the liquidation of the available-for sale investments; and Trafigura's exercise of the Warrants, the Group anticipates that it is fully funded to take Kinsevere Stage II to construction completion, commissioning and ramp up.

Although the development of Kinsevere Stage II is fully funded, the Company is continuing work on refinancing the Loan Facility with a group of banks, however that refinancing is no longer critical to the completion of Kinsevere Stage II.

The Group continues to operate the Kinsevere HMS plant with a focus on achieving low-cost production and enabling the Group to generate positive cash flow to meet non-Stage II costs, including: care and maintenance of the Mutoshi mine, corporate overheads, social development and sustaining capital expenditure, until such time as the SX-EW plant becomes operational.

Hedging

While there are no hedging requirements under the Loan Facility, in order to protect the expected cash flows from the HMS plant until such time as the full commissioning of Kinsevere Stage II has been completed, in January 2011, the Company entered into a zero-cost collar transaction (the "Hedging Transaction") with an international bank, to hedge 250 tonnes per month of payable copper for the first half of 2011. Under the terms of the Hedging Transaction, the Company has locked in a floor price of $3.86 per pound and a cap price of $4.37 per pound and will receive the market price where the copper price is between $3.86 per pound and $4.37 per pound. On this basis, the HMS plant is expected to generate sufficient cash to allow the Group to meet its non-Kinsevere Stage II expenses until commencement of SX-EW processing, which is expected to take place during the second quarter of 2011.

2. QUARTERLY PERFORMANCE

Q4 2010 GROUP NET SALES	Q4 2010 $ million	Q4 2009 $ million
Kinsevere	15.2	22.9
Mutoshi	–	0.6
Net sales[1]	15.2	23.5
Copper selling price	**$/lb**	**$/lb**
Current period sales[1]	3.90	3.04
Provisional pricing adjustment	(0.35)	0.05
Realized copper price	**3.55**	**3.09**

1. Sales of copper concentrate at Kinsevere and Mutoshi are at mine gate at a discount to the LME price and recorded as sales revenue.

Net sales decreased to $15.2 million owing to a reduction in the tonnes of copper sold (down 53% to 3,803 tonnes of payable copper) offset partially by a higher realized copper prices during the year (up 15% to $3.55 per pound of payable copper). Copper sold was higher in the fourth quarter of 2009 due to sale of stockpile existing at end of third quarter of 2009.

Q4 2010 GROUP OPERATING PROFIT	Q4 2010		Q4 2009	
	$ million	% of Sales	$ million	% of Sales
Kinsevere	3.7	24	10.5	45
Mutoshi	(0.7)	(5)	(0.9)	(4)
CDA[1]	(0.4)	(3)	(0.9)	(4)
Total operating profit	**2.6**	**16**	**8.7**	**37**

1. These are administration and technical support costs required to support the mine operations and development.

Driven by the performance of the Kinsevere HMS plant, the Group recorded an operating profit of $2.6 million for the fourth quarter of 2010, compared to an operating profit of $8.7 million for the fourth quarter of 2009, which was primarily due to lower copper sales in the fourth quarter of 2010.

Kinsevere records operating profit of $3.7 million

During the December quarter, the Kinsevere HMS plant generated an operating profit of $3.7 million, with production of 3,817 tonnes of copper in concentrate at an operating cash cost of $456 per tonne of concentrate for sales of copper of 3,803 tonnes at an average realized price of $3.55 per tonne. The increase in the operating cash cost was primarily due to higher mining costs incurred in connection with the commencement of a cutback program in the central pit in order to ensure continued supply of feed to the HMS plant during the wet season and to provide waste material for the raising of the walls at the Stage II tailings storage facility.

Mutoshi records operating loss of $0.7 million

As a result of the cessation of the Mutoshi HMS processing operation during the fourth quarter of 2008 and continuation of a care and maintenance program at Mutoshi, there was no production at Mutoshi during the fourth quarter of 2010. The operating loss of $0.7 million for the December quarter of 2010 related primarily to costs associated with care and maintenance.

Q4 2010 GROUP NET INCOME	Q4 2010		Q4 2009	
	$ million	% of Sales	$ million	% of Sales
Operating income	2.6	17	8.7	37
Other income	5.2	34	0.5	2
General administrative and marketing costs	(4.1)	(28)	(2.7)	(12)
Provision for impairment of assets	–	–	(0.6)	(2)
Write back provision for impairment of assets	4.2	28	8.1	34
Gain/ (loss) on derivative instrument	0.8	5	(0.4)	(2)
Interest expenses	(0.8)	(5)	–	–
Other (expenses)	(3.8)	(24)	(0.6)	(2)
Income tax	(2.3)	(15)	(2.1)	(9)
Non-controlling interest	0.5	3	–	–
Net income from continuing operations	2.3	15	10.9	46
Loss from discontinued operations	(0.8)	(6)	(1.4)	(6)
Net income	**1.5**	**9**	**9.5**	**40**
Earnings per share				
– basic & diluted	0.01		0.09	
Weighted average shares outstanding				
– basic	150.3		122.9	
– diluted	157.1		125.0	

The Group recorded net income of $1.5 million, compared to net income of $9.5 million for the fourth quarter of 2009. The decrease in net income was primarily due to lower sales. In addition there was a $8.1 million reversal of provision for impairment of available-for-sale investments in the fourth quarter of 2009, compared to $4.2 million for the fourth quarter of 2010 and general, administrative and marketing costs in the fourth quarter of 2010 were $4.1 million, up from $2.7 million, primarily attributed to increasing staffing and associated costs in 2010.

Q4 2010 GROUP CASH FLOWS	**Q4 2010 $ million**	**Q4 2009 $ million**
Cash flows from operations:		
Operating activities		
– before working capital changes	–	11.5
– after working capital changes	8.3	6.4
Investing activities	(20.1)	(16.4)
Financing activities	38.6	62.1
Cash flow from discontinued operations	(0.8)	(4.5)
Net increase in cash and cash equivalents	**25.9**	**52.1**
Cash flow from continuing operations per share		
– before working capital changes	–	0.09
– after working capital changes	0.06	0.05

Cash inflows from operations before working capital changes were nil, a decrease of $11.5 million compared to the fourth quarter of 2009. The decrease in cash flow from operating activities before working capital changes was primarily due to a reduction in the tonnes of copper sold in the fourth quarter of 2010 compared to the fourth quarter of 2009.

Investing cash outflows related largely to expenditures for property, plant and equipment of $50.2 million in connection with the development of Kinsevere Stage II.

3. YEAR 2010 PERFORMANCE

2010 GROUP NET SALES	**YEAR 2010 $ million**	**YEAR 2009 $ million**
Kinsevere – Copper	59.1	49.4
Dikulushi – Copper	–	(0.2)
Mutoshi – Copper	1.0	–
Net sales	60.1	49.2
Copper selling price	**$/lb**	**$/lb**
Current period sales[1]	3.39	2.74
Provisional pricing adjustment	(0.12)	(0.15)
TC/RC and freight charges	–	(0.03)
Realized copper price	**3.27**	**2.56**

1. Sales of copper concentrate at Kinsevere and Mutoshi are at mine gate at a discount to the LME price and recorded as sales revenue. The TC/RC and freight component is difficult to extract and is thus included in the current period realized selling price. Concentrate from Dikulushi was not sold at mine gate and thus the TC/RCs and freight charges were known and separately disclosed in the calculation of the total realized copper price.

Group net sales increased by 22% to $60.1 million, the effect of a lower quantity of copper sales (17,400 tonnes of copper sold in 2010, compared to 19,577 tonnes of copper sold during 2009) which was more than offset by an increase in the realized copper price recognized during 2010 ($3.27/lb Cu compared to $2.56/lb Cu in 2009).

2010 GROUP OPERATING PROFIT / (LOSS)	**YEAR 2010**		**YEAR 2009**	
	$ million	**% of Sales**	**$ million**	**% of Sales**
Kinsevere	12.8	21	2.1	4
Mutoshi	(2.6)	(4)	(3.0)	(6)
CDA[1]	(1.5)	(2)	(6.1)	(19)
Total operating profit / (loss)	**8.7**	**14**	**(7.0)**	**(14)**

1. Please refer to segment information on page 21. These are administration and technical support costs based in the DRC to support the mine operations and development.

An increase in Group operating profit to $8.7 million (2009: -$7.0 million) was primarily due to an increase in revenue from sales of concentrate that resulted from a higher realized copper price ($3.27 compared to $2.56 during 2009). In addition, operating costs were lower in 2010 as the 2009 costs included a number of one-off payments, such as staff redundancy payments of $4.1 million.

Kinsevere records operating profit of $12.8 million

The Group's results for the 12 months ended December 31, 2010 were driven largely by the performance of the Kinsevere Stage I HMS plant, which for the 12 months ended December 31, 2010, produced 16,538 tonnes of copper in concentrate at an operating cash cost of $349 per tonne of concentrate for sales of copper of 16,866 tonnes at an average realized price of $3.27 per tonne and an operating profit of $12.8 million.

The operating cash costs per tonne of oxide concentrate at Kinsevere for the 12 months ended December 31, 2010 were $349 per tonne (2009: $218 per tonne), the increase in operating cash costs due primarily to higher mining costs incurred during the fourth quarter.

2010 GROUP NET INCOME / (LOSS)	**YEAR 2010**		**YEAR 2009**	
	$ million	**% of Sales**	**$ million**	**% of Sales**
Operating profit / (loss)	8.7	14	(7.0)	(14)
Other income	7.1	12	1.3	2
General administrative and marketing costs	(12.6)	(21)	(10.1)	(20)
Provision for impairment of assets	–	–	(2.9)	(6)
Write back for impairment of assets	9.7	16	4.1	8
Exploration expenditure written off	(1.3)	(2)	(3.2)	(7)
Gain / (loss) on derivative instrument	0.8	1	(0.6)	(1)
Interest expenses	(2.4)	(4)	(1.1)	(2)
Other expenses	(2.1)	(4)	(1.5)	(3)
Income tax	9.2	15	3.3	7
Non-controlling interest	2.9	5	–	–
Net income / (loss) from continuing operations	20.0	33	(17.7)	(36)
Gain on sale of discontinued operation	5.9	10	–	–
Loss from discontinued operations	(0.9)	(1)	(3.2)	(7)
Net Income / (Loss)	**25.0**	**42**	**(20.9)**	**(43)**
Earnings / (Loss) per share per continuing operations				
- basic	0.13		(0.18)	
- diluted	0.13		(0.18)	
Weighted average shares outstanding				
- basic	150.3		97.3	
- diluted	154.7		97.3	

Group net income of $25.0 million for the 12 months ended December 31, 2010 (2009: -$20.9 million) was due to a number of factors, including: an operating profit of $8.7 million, recognition of a gain on the sale of Dikulushi of $5.9 million, recognition of gain on sale of available-for-sale investments of $4.7 million, reversal of impairment relating to the available-for-sale debt investments of $9.7 million and income tax benefits of $9.2 million that relate to tax losses which are expected to reduce future taxable income within the relevant tax jurisdiction.

A write-off of exploration expenditure of $1.3 million was due to the relinquishment of certain tenements in which the Group has no further exploration interest or development plans.

2010 GROUP CASH FLOWS	**YEAR 2010 $ million**	**YEAR 2009 $ million**
Cash flows from:		
Operating activities		
- before working capital changes	16.2	0.8
- after working capital changes	17.7	5.3
Investing activities	(115.8)	(45.6)
Financing activities	34.5	120.9
Cash flow from discontinued operations	(0.9)	(4.5)
Net (decrease) / increase in cash and cash equivalents	**(64.5)**	**76.1**
Cash flow per share		
- before working capital changes	0.11	0.01
- after working capital changes	0.12	0.05

Cash flows from operations for the 12 months ended December 31, 2010 were $17.7 million (12 months ended December 31, 2009: $5.3 million cash inflow). The increase in cash flows from operations was due primarily to the Kinsevere HMS plant operating for the full twelve months of 2010, compared to 2009, during which it operated for only nine months and an increase in realized copper prices. Investing cash outflows of $115.8 million included cash expenditures on plant and equipment of $138.9 million (12 months ended December 31, 2009: $49.3 million) in connection with the development of Kinsevere Stage II and cash inflow from the sale of the available-for-sale investments of $30.1 million (12 months ended December 31, 2009: nil).

Financing cash inflows were $34.5 million (12 months ended December 31, 2009: $120.9 million) which were due mainly to the proceeds received under the Project Loan Facility (net of financing fees).

4. BALANCE SHEET

	December 31, 2010	December 31, 2009
Assets ($ million)		
Cash and cash equivalents (including restricted)	64.2	121.6
Current available-for-sale investments	–	1.2
Other current assets	27.2	58.1
Property, plant & equipment	482.6	324.5
Non-current available-for-sale investments	–	16.8
Other non-current assets	101.9	92.0
Assets related to discontinued operations	–	7.3
Total assets	**675.9**	**621.5**
Liabilities ($ million)		
Current liabilities	36.8	14.7
Long-term debt	31.8	0.1
Other non-current liabilities	0.1	6.7
Future income tax liability	10.8	21.0
Asset retirement obligations	13.4	12.9
Liabilities related to discontinued operations	–	2.7
Total liabilities	**92.9**	**58.1**
Shareholders' equity ($ million)	**583.0**	**563.4**
Working capital ($ million)	**54.1**	**165.8**
Weighted average number of shares (for basic earnings per share) (millions)	150.3	97.3
Outstanding shares (millions)	150.3	150.4

Cash and cash equivalents

The decrease in cash and cash equivalents to $64.2 million for the 12 months ended December 31, 2010 (December 31, 2009: $121.6 million) was due mainly to cash expenditure for property, plant and equipment of $138.9 million that related to capital expenditure for Kinsevere Stage II.

Available-for-sale investments

The decrease in available-for-sale investments to nil for the period ended December 31, 2010 (December 31, 2009: $18.0 million) was due to the sale in the fourth quarter of 2010 of all available-for-sale investments, for proceeds of $30.1 million.

Other current assets

Other current assets for the period ended December 31, 2010 decreased by $30.9 million to $27.2 million (December 31, 2009: $58.1 million), which was due to the transfer of prepayments for capital equipment to property, plant and equipment upon recommencement of construction works at Kinsevere Stage II.

Current liabilities

Current liabilities for the period ended December 31, 2010 increased by $22.2 million to $36.8 million (December 31, 2009: $14.7 million), reflecting increased operating and construction activity.

Long-term debt

Long-tem debt for the period ended December 31, 2010 increased by $31.7 million to $31.8 million (December 31, 2009: $0.1 million) due to draw downs of $42.0 million under the Project Loan Facility. Deferred financing fees relating to the establishment of the facility have been offset proportionately against the current and long-term portion of the debt.

5. OTHER INFORMATION

Contractual Obligations

The following table summarizes the Group's contractual and other obligations, as at December 31, 2010.

PAYMENTS DUE BY PERIOD	Total $ million	Less than 1 Year $ million	1 – 3 Years $ million	4 – 5 Years $ million	More than 5 Years $ million
Environmental and mine closure liabilities	13.4	–	–	–	13.4
Capital commitments – Kinsevere Stage II	39.1	39.1	–	–	–
Equipment operating lease	0.7	0.4	0.3	–	–
Pas de Porte – Mutoshi	7.2	7.2	–	–	–
Settlement of cancellation of contract[1]	3.2	3.2	–	–	–

1. Relates to the settlement of a claim received in December 2010 relating to the termination of a mining contract in 2008 at Kinsevere.

Outstanding share data

At March 17, 2011, the Company had 157,303,159 Common Shares outstanding. In addition, there were 3,538,361 director and employee stock options outstanding with exercise prices ranging between C$1.16 and C$14.06 per share and 5,228,320 warrants with an exercise price of $2.75 per warrant.

Exploration

The only exploration expenditure incurred during the 12 months ended December 31, 2010 related to the payment of annual rents on 12 of the Group's tenements in the DRC. During the fourth quarter of 2010, the Group recruited two senior geologists to drive the restart of the Group's exploration efforts in the DRC.

Artisanal mining at Mutoshi

Given Anvil's focus on the completion of Kinsevere Stage II, the Group has not had the capacity recently to carry out further evaluation of the Mutoshi project, located in the Kolwezi region of the Katanga province in the Democratic Republic of Congo (DRC). As a result, a number of artisanal miners became active in the area and continue to have a presence on part of the Mutoshi tenements.

Class Action

During November 2010, a group of NGOs calling itself the Canadian Association Against Impunity, comprised of the groups Rights and Accountability in Development, the Canadian Centre for International Justice and Global Witness has lodged a class action application against Anvil in a Montréal court. The action appears to be supported by two Congolese advocacy groups: ASADHO and ACIDH.

The action is apparently based upon an incident at Kilwa in the north-east part of the Katanga Province of the DRC, which occurred in 2004. Over the past several years, the incident and Anvil have been subject to numerous investigations and court proceedings both in and outside the DRC. No findings adverse to Anvil or any of its employees have arisen in respect of the Kilwa incident in any of the foregoing.

Anvil intends to defend itself and has appointed counsel, with the first stage of the process involving the hearing of preliminary motions, which is expected to take place during the second quarter of 2011.

Transactions with related parties

As at March 16, 2011, Trafigura is the beneficial owner of 59,248,729 Common Shares, representing 37.7% of the Company's issued and outstanding Common Shares. During the December quarter, the Group entered into transactions with Trafigura for the sale of copper concentrates, the provision of technical services and the supply of fuel to Kinsevere, all of which were on arms-length commercial terms.

Sale of copper concentrates

In January 2010, the Group entered into contracts with Trafigura (the "Sales Contracts"), under which it agreed to sell its 2010 forecast production of concentrate from its Kinsevere HMS plant. The Sales Contracts are benchmarked to LME prices and are on standard commercial terms for comparable sales contracts.

During the December quarter, the Group sold to Trafigura, 15,021 tonnes of copper concentrates from its Kinsevere Stage I operation, for revenue (on a provisional payment basis) of $16.3 million. For the 12 months ended December 31, 2010 the Group received $58.6 million from Trafigura for the sale of copper concentrates.

Technical services

In November 2009, the Company entered into a Technical Services Agreement (the "TSA") with Trafigura, under the terms of which, a Technical Committee (the "Technical Committee") was established, comprising an equal number of Anvil and Trafigura appointees, to address all material technical issues relating to the development of Kinsevere Stage II. The Technical Committee makes recommendations to the Anvil Board and can take appropriate and additional steps to promote and safeguard Kinsevere Stage II.

The Technical Committee (upon approval of the Anvil Board) may appoint Trafigura, on a case-by-case basis, to provide services related to project management support, data processing, technical services support, coordination and consulting at Kinsevere Stage II. Where Trafigura is unable or unavailable to perform any services which it has been appointed to provide to Anvil or AMCK, Trafigura may engage independent contractors to provide such services. During the December quarter, the Group paid to Trafigura an amount of $0.1 million in connection with the provision of technical services provided during the December quarter. For the 12 months ended December 31, 2010 the Group paid to Trafigura an amount of $0.8 million for the provision of technical services.

Fuel and acid supply

The Group has ongoing requirements for diesel fuel at its Kinsevere operations. Trafigura is one of several fuel suppliers from whom the Group obtains quotations for the supply of fuel to Kinsevere. During the December quarter, the Group purchased fuel for its Kinsevere operations to a value of $0.9 million. For the 12 months ended December 31, 2010 the Group purchased fuel for its Kinsevere operations to a value of $3.2 million. Fuel supplied to support the Group's care and maintenance activities at Mutoshi is not provided by Trafigura.

In January 2011, following a tender process, the Company entered into an agreement with Trafigura under which Trafigura shall supply sulphuric acid to meet the requirements for the Stage II SX-EW plant for a period of 12 months.

Exercise of Warrants

During January 2011, Trafigura exercised six million Common Share Purchase Warrants (the "Warrants") for proceeds of approximately $16.6 million.

For a description of the Group's relationship with Trafigura, please refer to the sections headed "Interest of Informed Persons in Material Transactions" and "Particulars of Matters to be Acted Upon" in the Corporation's management information circular dated November 16, 2009, which is available on the Company's website at **www.anvilmining.com** or under the Company's profile on SEDAR at www.sedar.com.

Additional Information

Refer to Appendix A for the Summary of Quarterly Results and to Appendix B for Additional Regulatory Disclosures.

Appendix **A**

SUMMARY OF QUARTERLY RESULTS

The financial performance, financial position and operating statistics for the last eight quarters (unaudited) are shown in the table below:

STATEMENT OF OPERATIONS AND INCOME	Dec 10 Quarter	Sep 10 Quarter	Jun 10 Quarter	Mar 10 Quarter	Dec 09 Quarter	Sep 09 Quarter	Jun 09 Quarter	Mar 09 Quarter
Net sales ($ million)[1]	15.2	14.9	14.5	15.5	23.5	18.1	7.7	1.7
Average realized copper price	3.55	3.28	2.95	3.33	3.09	2.73	1.80	0.33
Operating profit[2] / (loss) before amortization ($ million)	7.2	5.8	5.8	8.2	14.4	8.0	(3.7)	(10.8)
Amortization ($ million)	(4.6)	(4.5)	(4.2)	(4.7)	(5.7)	(3.8)	(4.0)	(3.7)
Operating profit[2] / (loss) ($ million)	2.6	1.2	1.6	3.5	8.7	4.2	(7.7)	(14.5)
Net income / (loss) from continued operations ($ million)	2.3	6.1	5.1	6.6	10.9	(0.2)	(11.3)	(18.8)
Basic earnings / (loss) per share ($)	0.01	0.04	0.03	0.04	0.09	(0.00)	(0.13)	(0.27)
Diluted earnings / (loss) per share ($)	0.01	0.04	0.03	0.04	0.09	(0.00)	(0.13)	(0.27)
Production Statistics – Total								
Copper produced in concentrate (tonnes)	3,817	4,216	4,412	4,093	4,970	5,865	5,372	199
Production Statistics – Kinsevere mine								
Ore processed (tonnes)[3]	88,044	80,911	72,716	61,491	65,313	80,730	83,084	2,695
HMS feed grade % Cu	6.0	6.7	7.3	8.6	8.9	8.0	7.9	10.2
Contained copper (tonnes)	5,319	5,455	5,317	5,307	5,782	6,443	6,566	275
Recovery Cu %	64.5	68.1	72.1	68.4	77.0	80.6	70.9	72.2
Copper produced in concentrate - HMS (tonnes)	3,431	3,713	3,835	3,629	4,455	5,192	4,653	199
Copper produced in concentrate – Spirals (tonnes)	386	503	577	464	515	673	719	-
Copper produced in concentrate – HMS & Spirals (tonnes)	3,817	4,216	4,412	4,093	4,970	5,865	5,372	199
Copper concentrate sold (tonnes)	15,019	17,707	18,057	17,610	30,993	27,589	18,549	479
Production Statistics – Mutoshi mine[4]								
Copper concentrate sold (tonnes)	–	–	3,007	226	1,665	–	–	–

1. Concentrate sales have included concentrates from Mutoshi and Kinsevere.
2. Refer to Non-GAAP Financial Measures on page 23.
3. Ore processed at Kinsevere relates to ore processed through the HMS plants.
4. Mutoshi was placed on care and maintenance during the fourth quarter of 2008.

Segment Information

The Group's reportable operating segments are strategic business units that produce different but related products or services. Each business unit is managed separately because each requires different technology and marketing strategies.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation. The Stage I HMS plant was commissioned in June 2007 and produces an oxide copper concentrate. Stage II involves development of a 60,000 tonnes per year SX-EW plant which will produce LME Grade A copper cathode.

Mutoshi

The Group holds a beneficial interest of 70% in Société Minière de Kolwezi sprl ("SMK") which is the owner of the Mutoshi project, including the Stage I HMS development that processed material from the Kulumaziba River tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. Gécamines holds the remaining 30% interest in SMK on a non-dilutable basis.

CDA

The corporate development, administration and other segment, accounts for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. The inter-segment eliminations relate to inter-company interest charged on loan balances and the charging of corporate marketing, finance and agency fees within the Group.

For the 12 months ended December 31, 2010, segmented information is presented as follows:

	2010				
	Kinsevere	**Mutoshi**	**CDA**	**Intersegment**	**Total**
Net sales	59,148	1,001	–	–	60,149
Operating expenses	(30,718)	(2,456)	(116)	–	(33,290)
Amortization	(15,626)	(1,097)	(1,388)	–	(18,111)
Segmented operating profit / (loss)	**12,804**	**(2,552)**	**(1,504)**	**–**	**8,748**
Interest expense and financing fees	(55,663)	(538)	(1,015)	54,789	(2,427)
Gain on derivative instruments	768	–	–	–	768
Write-back of provision for impairment	–	–	9,688	–	9,688
Other income	135	118	73,041	(66,145)	7,149
Exploration expenditure written off	–	(880)	(435)	–	(1,315)
Other expenses	(14,108)	(1,107)	(10,887)	11,356	(14,746)
Segmented (loss) / profit before under noted items	**(56,064)**	**(4,959)**	**68,888**	**–**	**7,865**
Income taxes recovery / (expense)	9,878	(280)	(377)	–	9,221
Non-controlling interest	1,726	1,160	–	–	2,886
Segmented (loss) / profit from continuing operations	**(44,460)**	**(4,079)**	**68,511**	**–**	**19,972**
Loss from discontinued operation	–	–	(896)	–	(896)
Gain on sale of discontinued operation	–	–	5,911	–	5,911
Segmented (loss) / profit	**(44,460)**	**(4,079)**	**73,526**	**–**	**24,987**
Property, plant and equipment	469,435	9,208	3,927	–	482,570
Total assets	552,380	50,429	73,137	–	675,946
Capital expenditures	138,934	–	–	–	138,934

Appendix **B**

REGULATORY DISCLOSURES

Non-Generally Accepted Accounting Principles ("GAAP") financial measures

The terms "total cash cost" and "operating cash cost (ex-mine gate)" are non-GAAP measures calculated on a per tonne of copper concentrate produced at the Kinsevere and Mutoshi mines. Operating cash cost (ex-mine gate) includes all mining and processing costs less any profits from by-products. Copper concentrates from Mutoshi and Kinsevere are sold at the mine gate, thus total cash cost does not include any transport, treatment and refining charges from these mines.

Cash operating cost information is included to provide information about the cost structure of the mining and processing operations.

The term "operating profit" represents the net attributable revenues after deducting mine operating costs and amortization. Mine operating costs exclude exploration expense, foreign exchange gains and losses and interest and financing fees. "Working capital" equals current assets less current liabilities. The term "Cash flow from operations per share, before changes in non-cash working capital", for any period is based on a calculation using the weighted average number of common shares outstanding during the same period. The term "EBIT" represents earnings before interest and tax and "EBITDA" represents earnings before interest, tax, depreciation and amortization. This information differs from measures of performance prepared in accordance with Canadian GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. These measures are not necessarily indicative of operating profit or cash flow from operations as determined under Canadian GAAP and may not be comparable to similarly titled measures of other companies.

Critical accounting estimates

The accounting policies that involve significant management judgement are discussed in this section. For a complete list of the significant accounting policies, reference should be made to Note 2 of the December 31, 2010 and December 31, 2009 consolidated financial statements. A more detailed analysis of the risk factors that face the Group can be found in the most recent annual information form available under the Company's profile on SEDAR at www.sedar.com.

Mine properties

The Group adopts a unit-of-production method to depreciate its mine properties. This method requires estimates to be made of economically recoverable reserves of the Group's mine properties. Independent qualified surveyors and geologists are engaged to estimate the economically recoverable reserves. The estimation process involves sampling and other statistical tools.

Variations in estimates of recoverable reserves from period-to-period when the recoverable reserves are re-calculated affect both the carrying value of plant, property and equipment as well as the depreciation charges for any given financial period.

Exploration costs

The Group accumulates certain costs associated with exploration activities on specific areas of interest where the Group has rights of tenure. The Group's policy is to expense any exploration and associated costs relating to non-specific projects and properties. Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value. As at December 31, 2010, the Group had deferred exploration and acquisition costs of approximately $61.4 million associated with exploration properties in the DRC.

Restoration, rehabilitation and environmental expenditure

Expenditures related to ongoing restoration, rehabilitation and environmental obligation activities are accrued and expensed as incurred and included in the relevant exploration activity cost or as part of the cost of production, where the expenditures are in relation to current mining operations.

Future restoration, rehabilitation and environmental obligations based on reasonably determinable current regulatory requirements are provided for in accordance with the standard issued by the Canadian Institute of Chartered Accountants ("CICA") in relation to Asset Retirement Obligations.

Income taxes

As at December 31, 2010, the Group has estimated its future recoverable income tax losses in Canada, Australia and the DRC. The recoverability of losses is dependent upon the ability to generate positive future taxable income to offset the existing carry forward losses.

The Mutoshi and Kinsevere mines operate under the fiscal regime in effect at the time the DRC Mining Code came into effect in June 2003. The DRC Professional income tax rate applicable to the Mutoshi and Kinsevere mines is 30%.

INITIAL ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Accounting Standards Board of Canada (the "AcSB") has approved a plan for the adoption of International Financial Reporting Standards ("IFRS") for financial years commencing on or after January 1, 2011 for all publicly accountable profit-oriented enterprises. As such, IFRS will replace Canadian GAAP as the financial reporting framework under which the Company currently prepares its financial statements, first effective for the financial year ending December 31, 2011. The presentation of interim and annual financial statements in 2011 will require comparative results to be disclosed for the year ending December 31, 2010 and an opening statement of financial position will therefore be required as at January 1, 2010.

The Company's IFRS conversion plan addresses the required changes to existing accounting systems, business processes, and requirements for personnel training and development.

The Company continues to work through the major deliverables of the conversion plan and estimates completion of this plan in the first quarter of 2011. The conversion plan from Canadian GAAP to IFRS by January 1, 2011 is being managed under a 14-step process, comprised of three phases as follows:

Phase one – Scoping and Impact Analysis

Phase two – Evaluation and Design

Phase three – Implementation and Review

Phase one has been concluded, with the Company having completed a business impact study summarizing the key differences between Canadian GAAP (as applied by the Company) and IFRS which may materially impact the Company's consolidated financial statements. Key differences that have been indentified are set out below and these areas will be addressed to quantify any impact on the financial statements.

High Impact areas

IFRS1 – First time adoption of IFRS

IAS16 – Property, Plant and Equipment

IAS36 – Impairment of Assets

Key Medium Impact Areas

IFRS2 – Share based payments

IAS12 – Income Taxes

IAS18 – Revenue

IAS32 – Financial Instruments: Presentation

IAS37 – Provisions, Contingent Liabilities and Contingent Assets

IAS39 – Financial Instruments: Recognition and Measurement

Phase two is almost complete, the main task of which has been the preparation of an IFRS opening Statement of Financial Position as at January 1, 2010. This has been approached at an account balance level across all entities. Key areas addressed to date are:

Functional Currency

Assessment of the appropriate functional currency of each of the group entities – this has been determined to be USD for each entity, in accordance with the principles described by IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Asset Retirement Obligation (ARO)

Consistent with IFRS, rehabilitation provisions have been measured under Canadian GAAP based on the estimated cost of rehabilitation, discounted to its net present value upon initial recognition. However, adjustments to the discount rate have not been reflected in the provisions or the related assets under Canadian GAAP unless there was an upward revision of the future cost estimates. The Company has elected to apply the available exemption from full retrospective application as allowed under IFRS 1. In accordance with the exemption, the Company has remeasured the rehabilitation liability as at January 1, 2010 under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The corresponding amount to be included in the related asset has been estimated by discounting the liability to the date in which the liability arose, and recalculating the accumulated amortization under IFRS. The ARO provision will increase, but the impact is not expected to be material.

Financial Instruments

Reassessment of the appropriate classification of financial instruments in accordance with the requirements of IAS 32 *Financial Instruments: Presentation* has resulted in a reclassification of the Warrants issued to Trafigura from equity to financial liabilities measured at fair value through profit or loss. Under IAS 32, the financial liability will be accounted for at fair value through profit or loss until such time that the Warrants are exercised, at which point the liability will be transferred to equity. The impact of this reclassification is the recognition of a financial liability of $21.7 million at January 1, 2010. No other material changes have been identified.

Property, plant and equipment

The accounting for property, plant and equipment (PPE) under IAS 16 *Property, Plant and Equipment* is broadly consistent with the Company's accounting policies adopted under Canadian GAAP. The standard requires that where an item of PPE comprises major components with different useful lives, the components are accounted for as separate items of PPE. Canadian GAAP requires that the cost of an item of PPE made up of significant separable component parts is allocated to the component parts when practicable. The concept of practicability is not specifically mentioned in IAS 16. While the requirements are similar, there is a common view that implementing this element of IFRS requires more detailed accounting records than were maintained under Canadian GAAP. The Company has performed an analysis of fixed asset registers across all entities and has not identified significant adjustments required to the componentization of PPE as the existing accounting records are considered sufficiently detailed for the purpose of IFRS compliance. The Company has elected to apply the available deemed cost exemption as allowed under IFRS 1 for selected items of PPE. In accordance with the exemption, the Company has determined that the impaired value of selected PPE as at December 31, 2008 is considered to meet the definition of a revaluation that is broadly comparable to fair value and has therefore been treated as the assets' deemed cost for the purpose of applying IAS 16. In addition, the Company has performed an impairment review of all assets as at January 1, 2010 and has not noted any material impairment adjustments to the carrying amount of PPE at that date. This is largely due to the significant impairment review performed at December 31, 2008 that resulted in material write downs to a number of the Company's assets.

Share based payments

The Company has elected to apply the available exemption from full retrospective application as allowed under IFRS 1. In accordance with the exemption, the Company is not required to apply IFRS 2, Share-based Payment for equity-settled share-based payments granted before 7 November 2002, or granted after 7 November 2002 that vested before the date of transition to IFRS. On review of all the Company's share-based payment transactions within the scope of IFRS 2, no material adjustments have been identified.

Other

Assessment of the appropriate accounting treatment of financial instruments, inventories, property, plant and equipment and share based payments in accordance with IFRS.

Review

The review phase will involve continuous monitoring of changes in IFRS throughout the implementation process. As noted above IFRS accounting standards, and the interpretation thereof, are constantly evolving. As a result, the Company will continue to monitor and evaluate IFRS accounting developments. The review phase will continue into the first half of 2011.

ESTIMATES

Financial statements, which are prepared in conformity with Canadian GAAP, require management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material impact to the carrying amounts of assets and liabilities are discussed below.

(i) Estimated mineral reserves

The use of management estimates and assumptions relating to mineral reserves are the base inputs for future cash flow estimates used in impairment calculations and units-of-production amortization calculations; estimates of recoverable copper in stockpile; and environmental, reclamation and closure obligations.

(ii) Estimated impairment of long-lived assets

The Group assesses annually whether there are indicators of impairment. Where such indicators are present, the carrying amount of assets and liabilities are compared to the undiscounted cash flows. Where the carrying amount is in excess of these amounts an impairment loss is recognized.

The Group performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the value of the assets may not be recoverable. Where information is available and conditions suggest impairment, estimated future net cash flows for a mine or development project are calculated using estimated future prices, mineral resources, and operating, capital and reclamation costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of a mine or development project are recorded to the extent the net book value exceeds the discounted, estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered.

Management estimates of mineral prices, recoverable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near-term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

(iii) Useful lives of property, plant and equipment and mine properties

The Group's management determines the useful lives of property, plant and equipment and mine properties based on a combination of applicable mine life, or where shorter for property, plant and equipment.

Given the required use of estimates in the measurement of contained mineral content, mine lives are subject to inherent measurement uncertainty. Actual mineral content may significantly differ from estimates which could result in a change to future amortization and depreciation charges. Management will increase the charge where useful lives are less than the previously estimated useful lives and reduce the charge where they are greater than those estimates. Reductions in a life of mine may indicate an impairment, in which case management would assess the recoverability of those assets.

Similarly estimates of useful lives for property, plant and equipment with lives shorter than the applicable mine life are open to measurement uncertainty. These result from uncertainties regarding future technical obsolescence, wear and tear and useful employment in the business of such assets.

(iv) Fair values of financial instruments

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. These valuations are sensitive to changes in underlying assumptions such as discount rates and credit spreads. Experience adjustments in future periods to these assumptions may materially change recorded amounts. Such adjustments may result from changes in the market's pricing of risk, the credit standing of individual counterparties, default rates and other market based factors. Where quoted market prices in active markets are available, these are used.

Risks and Uncertainties

The Group's operations and results are subject to a number of different risks at any given time. These risk factors include, but are not limited to, the speculative nature of mineral exploration and development, political stability, liquidity and availability of future financing, logistics, lack of infrastructure, uninsurable risks, mineral resources and ore reserves, uncertainty of inferred resources, mine life, licences and permits, land title, Government regulations, foreign operations, environmental and regulatory requirements, conflict of interests, limited operating history, volatility of copper prices, key personnel, labour and employment matters, subsidiaries, mineral exploration and mine-carrying inherent risks, currency risk, competition, dilution, and dividend policy. A more detailed analysis of the risk factors the Group is faced with can be found in the most recent annual information form, which is available under the Company's profile on SEDAR at www.sedar.com.

Financial Instruments

The Company seeks to reduce the risk to the value of any available-for-sale debt investments by diversifying the portfolio of such investments in accordance with the limits approved by the Board to ensure that, in the opinion of the Board, the Company is not overly exposed to one company or one particular sector of the market; and by requiring that, at time of investment, the primary counterparties related to any available-for-sale investments the Company holds, carry investment grade ratings of BBB+ or above.

Deed of Cross Guarantee

For the purpose of simplifying reporting in Australia, the Company and certain of its Australian incorporated subsidiaries entered into a Deed of Cross Guarantee and Deed of Variation (the "Deeds") under which each company guarantees the liabilities of all other companies that are a party to the Deeds. The companies which form this "Closed Group" (as defined by Australian Securities and Investments Commission Class Order 98/1418) are: Anvil Mining Limited, Central African Holdings Pty Ltd and Congo Development Pty Ltd.

Technical Information

For further information regarding the Company's mine projects in the DRC, including a description of Anvil's quality assurance program, quality control measures, the geology, samples collected and testing procedures in respect of these projects please refer to the various technical reports which are available under the Company's profile on SEDAR at www sedar com.

Evaluation of Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer has designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to financial and operational conditions impacting disclosure for the three-month period and year ended December 31, 2010 is made known to them. Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer have, as at December 31, 2010 quarter and year end:

(a) designed disclosure controls and procedures, or caused it to be designed under the Company's supervision, to provide reasonable assurance that

(i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed Internal Controls over Financial Reporting, or caused it to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The inherent limitations in all control systems means no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of internal controls over financial reporting. The design includes policies and procedures that:

- Pertain to the maintenance of records;
- Provide reasonable assurance that transactions are recorded accurately and that receipts and expenditures are made in accordance with the authorizations of management and directors; and
- Provide reasonable assurance in the prevention and timely detection of material unauthorized acquisition, use or disposal of the Company's assets.

On an annual basis, management evaluates the effectiveness of internal controls over financial reporting. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with GAAP. However, due to inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Management has used the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') framework to assess the effectiveness of the Company's internal controls over financial reporting. Management conducted an evaluation of the effectiveness of internal controls over financial reporting and concluded that they were effective as at December 31, 2010.

During the quarter ended December 31, 2010 there were no changes in the Company's internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Forward Looking Statements

This MD&A contains "forward-looking statements" and "forward-looking information", based on assumptions and judgements of management regarding future events and results. Such "forward-looking statements" and "forward-looking information which may include, but is not limited to the operation of the Kinsevere HMS plant, the financing of the development of Kinsevere Stage II and the Company's plans for expansions of the Kinsevere copper mine. Many of these assumptions are based on factors and events that are not within the control of Anvil or Trafigura and there is no assurance they will prove to be correct. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "is expecting", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved. The purpose of forward-looking information is to provide the reader with information about management's expectations and plans for 2011. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anvil and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the actual market price of copper, changes in project parameters as plans continue to be evaluated, and the possibility of cost overruns, as well as those factors disclosed in the Company's filed documents. There can be no assurance that the Stage II expansion of the Kinsevere copper mine will proceed as planned and within expected time limits and budgets or that, when completed, the expanded Kinsevere Stage II copper project will operate as anticipated, or that the Kinsevere Stage I HMS plant will operate in accordance with forecast performance. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Additional Information

Additional information relating to the Company, including the Company's annual information form, may be found under the Company's profile on SEDAR at www.sedar.com.

ANVIL MINING LIMITED

Consolidated Financial Statements

As at and for the year ended December 31, 2010

Expressed in thousands of United States dollars, except per share amounts and as otherwise stated

Management's Responsibility for Financial Reporting

The accompanying Consolidated Financial Statements include the accounts of Anvil Mining Limited (the "Company"), consolidated with the accounts of all of its subsidiaries as at the financial statement date, prepared by management in conformity with generally accepted accounting principles of Canada and where appropriate, reflect management's best estimates and judgments based on currently available information. Management acknowledges its responsibility for the preparation and fair presentation of the consolidated financial statements, including significant accounting judgments, estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 2 to the consolidated financial statements.

Management has developed and maintains adequate internal controls over financial reporting, designed to provide reasonable assurance that relevant and reliable information is produced on a reasonable and cost-effective basis.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the consolidated financial statements and the auditor's report. The Audit Committee also reviews the Annual Report to ensure that the financial information reported therein is consistent with the information presented in the financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been audited by PricewaterhouseCoopers Australia, Chartered Accountants. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

(signed)

William S. Turner
President and Chief Executive Officer

(signed)

Philippe Monier
Vice President Corporate and Chief Financial Officer

March 17, 2011

Independent Auditors' Report to the Shareholders of Anvil Mining Limited

We have audited the accompanying consolidated financial statements of Anvil Mining Limited and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009 and the consolidated statement of income and comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for each of the years then ended and the related notes including a summary of significant accounting policies.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Anvil Mining Limited and its subsidiaries as at December 31, 2010 and December 31, 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed)

PricewaterhouseCoopers
Chartered Accountants
Perth, Australia

March 17, 2011

Consolidated **Balance Sheets**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

	Notes	December 31 2010 $	December 31 2009 $
ASSETS			
Current assets			
Cash and cash equivalents	11	56,415	120,753
Restricted cash	12	7,314	–
Trade and other receivables	13	10,764	17,967
Inventories	14	14,060	14,220
Available-for-sale investments	15	–	1,243
Prepaid expenses and deposits	16	2,224	25,899
Current assets classified as held for sale	7	–	2,114
Derivative financial instruments		182	–
		90,959	**182,196**
Non-current assets			
Restricted cash	12	513	887
Equity accounted investment	17	11,927	–
Available-for-sale investments	15	–	16,827
Deferred financing fees	9	–	2,865
Long-term inventory	14	13,109	11,163
Long-term receivable	18	14,253	15,468
Exploration and acquisition expenditure	19	61,411	62,384
Property, plant and equipment	20	482,570	324,562
Non-current assets classified as held for sale	7	1,204	5,156
		584,987	**439,312**
Total assets		**675,946**	**621,508**
LIABILITIES			
Current liabilities			
Trade and other payables	21	29,508	12,037
Derivative financial instrument		–	586
Income taxes payable		21	6
Provisions		2,634	1,712
Current portion of long-term debt	22	4,649	290
Current portion of liabilities directly associated with non-current assets classified as held for sale	7	–	1,764
		36,812	**16,395**
Non-current liabilities			
Future income tax liability	8	10,751	21,048
Other non-current liabilities	10	–	6,711
Provisions		144	–
Long-term debt	22	31,829	74
Asset retirement obligations	23	13,394	12,858
Non-current portion of liabilities directly associated with non-current assets classified as held for sale	7	–	983
		56,118	**41,674**
Total liabilities		**92,930**	**58,069**
Net assets		**583,016**	**563,439**
Shareholders' equity			
Equity accounts	25	510,289	510,347
Retained earnings		75,054	50,067
Accumulated other comprehensive income		559	2,765
Capital and reserves attributable to equity holders		**585,902**	**563,179**
Non-controlling interest	24	(2,886)	260
Total equity		**583,016**	**563,439**
Nature of operations	1		
Commitments	26		
Subsequent events	30		

	(signed)	(signed)
Approved by the Board of Directors	William S. Turner	Thomas C. Dawson

March 17, 2011

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of **Income and Comprehensive Income**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

	Notes	Year Ended December 31 2010 $	2009 $
Revenue from continuing operations		60,149	49,235
Operating expenses		(33,290)	(39,779)
Amortization		(18,111)	(16,480)
		8,748	(7,024)
Other income	5	7,149	1,322
Provision for impairment of assets	5	–	(2,876)
Write back of provision for impairment of assets	5	9,688	4,052
Gain / (loss) on derivative instrument	6	768	(586)
Share of loss in equity accounted investment	17	(533)	–
General, administrative and marketing		(12,607)	(10,067)
Exploration expenditure written off	5	(1,315)	(3,225)
Foreign exchange gains		2,499	461
Stock based compensation	25	(855)	(1,891)
Interest and financing fees	5	(2,427)	(1,140)
Other expenses	5	(3,250)	–
Income / (loss) before income tax and non-controlling interest		7,865	(20,974)
Income tax benefit	8	9,221	3,299
Non-controlling interest share of loss		2,886	–
Net income / (loss) from continuing operations		**19,972**	**(17,675)**
Loss from discontinued operation before non-controlling interest share of loss	7	(896)	(3,651)
Non-controlling interest share of loss		–	406
Gain on sale of discontinued operations	7	5,911	–
Net income / (loss)		**24,987**	**(20,920)**
Other comprehensive income, net of taxes			
Net unrealized gains on available-for-sale investments		–	2,206
Total comprehensive income / (loss)		**24,987**	**(18,714)**
Profit / (loss) per share from continuing operations:			
Basic profit / (loss) per share ($)	28	0.13	(0.18)
Diluted profit / (loss) per share ($)	28	0.13	(0.18)
Profit / (loss) per share:			
Basic profit / (loss) per share ($)		0.17	(0.22)
Diluted profit / (loss) per share ($)		0.16	(0.22)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of **Changes In Shareholders' Equity**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

	Notes	Year Ended December 31 2010 $	2009 $
Common shares			
Balance at beginning of period		484,722	376,350
Exercise of stock options		1,049	-
Share issue		-	113,353
Share issue expenses		(322)	(4,981)
Shares purchased under Executive and Senior Staff Incentive Plan ("ESSIP")		(1,238)	-
Balance at end of period	25	**484,211**	**484,722**
Contributed surplus			
Balance at beginning of period		8,960	7,069
Employee stock based compensation recognized		855	1,891
Transfer to common shares		(402)	-
Balance at end of period	25	**9,413**	**8,960**
Warrants			
Balance at beginning of period		16,665	-
Fair value of warrants issued		-	16,665
Balance at end of period	25	**16,665**	**16,665**
Equity accounts		**510,289**	**510,347**
Retained earnings			
Balance at beginning of period		50,067	70,987
Net income / (loss) for the period		24,987	(20,920)
Balance at end of period		**75,054**	**50,067**
Accumulated other comprehensive income			
Balance at beginning of period		2,765	559
Net unrealized gains on available-for-sale investments		-	2,206
Reversal of net unrealized gains on sale of available-for-sale investments		(2,206)	-
Balance at end of period		**559**	**2,765**
Shareholders' equity at end of period		**585,902**	**563,179**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of **Cash Flows**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

	Notes	Year Ended December 31 2010 $	2009 $
Cash flows from operating activities			
Net income / (loss) for the period from continuing operations		19,972	(17,675)
Items not affecting cash:			
– Amortization		18,111	16,480
– Provision for impairment of assets	5	–	2,876
– Write back of provision for impairment of assets	5	(9,688)	(4,052)
– (Gain) / loss on derivative instrument	6	(768)	586
– Non-cash finance costs		1,411	983
– Provision for doubtful debts		450	–
– Exploration expenditure written off		1,315	3,225
– Share of loss in equity accounted investment		533	–
– Gain on sale of assets		–	(207)
– Gain on sale of available-for-sale investments		(4,719)	–
– Non-controlling interest share of loss		(2,886)	–
– Unrealized foreign exchange loss		1,910	113
– Future income tax	8	(10,297)	(3,382)
– Stock based compensation		855	1,891
Changes in non-cash working capital	29	1,466	4,468
		17,665	**5,306**
Cash flows from investing activities			
Payments for property, plant and equipment		(138,934)	(49,313)
Payment as security deposit		(6,550)	–
Proceeds from sale of assets		–	869
Payments for exploration expenditure		(639)	(9,967)
Proceeds from sale of available-for-sale investments		30,077	–
Proceeds of principal repayments from investments		235	12,790
		(115,811)	**(45,621)**
Cash flows from financing activities			
Proceeds from issue of shares & warrants (net of issue expenses)		325	124,317
Deferred financing fees		(6,067)	(2,865)
Movement in restricted cash		(334)	(267)
Proceeds from borrowings		42,000	–
Shares purchased under ESSIP		(1,238)	–
Repayments of borrowings		(188)	(319)
		34,498	**120,866**
Cash flows from discontinued operations			
Cash flows from operating activities		(896)	(3,140)
Cash flows from investing activities		–	65
Cash flows from financing activities		–	(1,417)
Net decrease in cash and cash equivalents from discontinued operations		**(896)**	**(4,492)**
Net (decrease) / increase in cash and cash equivalents		**(64,544)**	**76,059**
Cash and cash equivalents at beginning of the period		120,753	45,033
Effects of exchange rate changes on cash held in foreign currencies		206	142
Total cash and cash equivalents at end of the period		**56,415**	**121,234**
Less cash and cash equivalents at the end of the period relating to discontinued operations	7	–	(481)
Cash and cash equivalents at the end of the period for continuing operations	11	**56,415**	**120,753**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the **Financial Statements**

1. NATURE OF OPERATIONS

Anvil Mining Limited ("Anvil" or the "Company") and its subsidiaries (together referred to as the "Group" or "Anvil") main activities involve the acquisition, exploration, development and mining of mineral properties. The Company's principal assets are a 95% interest in the Kinsevere copper project ("Kinsevere"), a 70% interest in the Kulu copper mine and associated exploration tenements (the "Mutoshi project") and other exploration tenements situated in the Democratic Republic of Congo ("DRC").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and presentation

The consolidated financial statements have been prepared and presented under the generally accepted accounting principles ("GAAP") of Canada.

b) Basis of consolidation

The financial statements of the Group include the consolidation of Anvil and all of its subsidiaries. The subsidiaries include those entities that are controlled by the parent entity (being Anvil). Control exists if Anvil has the power and ability to govern the financial and operational policies of the respective entities so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date control starts until the date control ends. Where the Group has less than 100% interest in a subsidiary, the interest attributable to outside shareholders is reflected in non-controlling interests (minority interests). The effects of all transactions between entities in the consolidated group are eliminated in full.

c) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires the Group to make certain estimates and assumptions about the future, which are inherently uncertain and may have a material impact on the financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group makes estimates and judgements based on historical experience and other appropriate factors apparent at the time financial statements are prepared. These judgements are continually evaluated and updated where necessary.

The estimates and assumptions that have a significant risk of causing a material impact to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated mineral reserves

The use of management estimates and assumptions relating to mineral reserves are the base inputs for future cash flow estimates used in impairment calculations and units-of-production amortization calculations; estimates of recoverable copper in stockpile; environmental, reclamation and closure obligations.

(ii) Estimated impairment of long-lived assets

The Group assesses annually whether there are indicators of impairment. Where such indicators are present, the carrying amount of assets and liabilities are compared to the undiscounted cash flows. Where the carrying amount is in excess of these amounts an impairment loss is recognized in accordance with the policy as described in note 2(t).

(iii) Useful lives of property, plant and equipment and mine properties

The Group's management determines the useful lives of property, plant and equipment and mine properties based on a combination of applicable mine life, or where shorter for property, plant and equipment, the relevant lives described in note 2(l).

Given the required use of estimates in the measurement of contained mineral content, mine lives are subject to inherent measurement uncertainty. Actual mineral content may significantly differ from estimates which could result in a change to future amortization and depreciation charges. Management will increase the charge where useful lives are less than the previously estimated useful lives and reduce the charge where they are greater than those estimates. Reductions in a life of mine may indicate an impairment, in which case management would assess the recoverability of those assets.

Similarly estimates of useful lives for property, plant and equipment with lives shorter than the applicable mine life are open to measurement uncertainty. These result from uncertainties regarding future technical obsolescence, wear and tear and useful employment in the business of such assets.

(iv) Income tax

The group is subject to income taxes in Canada and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes and the assessment of uncertain tax positions. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The group estimates its tax liabilities based on the group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

In addition, the group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be used. However, utilisation of the tax losses also depends on the ability of the entity to satisfy whether it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

(v) Cost of equity accounted investment

The valuation basis of the equity accounted investment not traded in an active market is determined by Independent Experts, appointed by the associate, using various valuation techniques in order to determine the fairness and reasonableness value of the shares acquired at the time of negotiations.

d) Foreign currency translations

The Group's reporting currency and the functional currency at the respective regional locations of the majority of its operations at the Kinsevere and Mutoshi projects as well as in Anvil's other principal business locations is the United States Dollar ("US$" or "US dollar"). The functional currency is the principal currency that influences sales prices denominated and settled; labour, material and other costs and the one which most faithfully represents the economic effects of the underlying transactions, events and conditions.

Transactions denominated in foreign currencies (currencies other than the functional currency) are translated into the functional currency, by applying to the foreign currency amount the spot exchange rate between the foreign currency and the functional currency at the date of the underlying transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity and categorised as 'other comprehensive income' (for all non-monetary items where a gain or loss is recognized in other comprehensive income).

At the end of each period, foreign currency monetary assets and liabilities are translated using the year-end closing foreign currency exchange rate and the gains and losses are included in the income statement. All other non-monetary assets and liabilities are translated at applicable historical exchange rates (foreign currency exchange rate at the date of the transaction). Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized as income or expense.

e) Revenue recognition and measurement

Copper concentrate is sold under pricing arrangements whereby revenue is recognized at the time of shipment (delivery of the products at the mine gate), at which time legal title and risk pass to the customer and provisional revenue is recorded at current month average price. The quoted period established for each sale contract is a month subsequent to the month of delivery, within which the contract is required to be settled. Changes between the prices recorded upon recognition of provisional revenue and final price due to fluctuation in copper market prices and the final independent analysis of the concentrate copper content result in the existence of an embedded derivative in the accounts receivable. This embedded derivative is recorded at fair value, with changes in fair value classified as a component of revenue and receivables.

f) Cash and cash equivalents

Cash and cash equivalents consist of cash balances and highly liquid investments with maturity of three months or less from the date of original issue. Overdrafts are recorded separately within accounts payable and accrued liabilities. Where restrictions over the ability to access cash and cash equivalents exist, the amounts are recorded in Restricted Cash and are presented as current or non-current assets, where this most appropriately reflects the period of restriction.

g) Receivables

All receivables are initially recognized at fair value, which due to the short-term settlement period (no more than 60 days) is consistent with the settlement amount, other than price adjustments recorded in accordance with note 2(e) above. They are included in current assets. The collectability of receivables is reviewed on an ongoing basis. A provision for doubtful debts is recognized when there is evidence that the Group will not be able to collect all amounts due. The amount of provision for uncollectible receivables is recognized in the income statement within operating expenses. When a trade receivable for which a doubtful debts provision had been recognized becomes uncollectible in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Receivables with maturities greater than 12 months after the reporting period are classified as non-current assets. Receivables are included in long-term receivables (note 18) in the balance sheet.

h) Inventories

Inventories of broken ore and concentrate are physically measured by estimating the number of tonnes added and removed from the stockpile, the number of contained pounds of copper (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method) and valued at the lower of cost and net realizable value ("NRV"). Ore stockpile that will not be processed within 12 months after the balance sheet date is classified as non-current asset under the category 'long-term inventory'.

Cost represents weighted average cost and includes direct costs and an appropriate portion of fixed and variable overhead expenditure, including depreciation and amortization.

Inventories of consumable supplies and spare parts to be used in production are valued at the lower of cost and NRV.

Obsolete or damaged inventories are valued at NRV. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

i) Transaction and borrowing costs

(i) Transaction costs

Costs incurred (including the fair value of shares and options granted) to obtain long-term debt or finance facilities are deferred and amortized using the effective interest method, on its drawdown (see note 2(m)). Where it is expected a portion of the debt will not be drawn down, the related fees, representing fees paid for liquidity services are amortized over the term of the loan.

(ii) Borrowing costs

Interest and financing fees are recognized as expenses in the year in which they are incurred, except where they are included in the cost of qualifying assets. Interest and financing fees incurred in direct connection with financing a qualifying asset are included in the cost of the qualifying asset.

j) Deferred mining costs

Costs associated with the removal of overburden and other mine waste materials that are incurred in the production phase of mining operations are included in the costs of inventory produced in the period in which they are incurred, except when the charges represent a betterment to the mineral property. Charges represent a betterment to the mineral property when the stripping activity provides access to reserves that will be produced in future periods that would not have been accessible without the stripping activity. When charges are deferred in relation to a betterment, the charges are capitalized in the balance sheet under Mine Properties and amortized over the reserve in the betterment accessed by the stripping activity using the units of production method.

k) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure incurred is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest, which is expensed in the year it is incurred.

Property acquisition costs relating to exploration properties and expenditures incurred on properties identified as having development potential are deferred as mine development costs on a project basis until the viability of the project is determined.

If, after management review, it is determined that the carrying amount of an exploration property is impaired, that property is written down to its estimated fair value. An exploration property is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Company's rights of tenure to that area of interest are current.

l) Property, plant and equipment

Mining Properties

Mine properties comprise the accumulation of all exploration, evaluation, acquisition and development expenditure, incurred by or on behalf of the Company, in relation to areas of interest in which mining of a mineral resource has started.

When further development expenditure is incurred in respect of a mine property after the start of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are likely to be realized, otherwise such expenditure is classified as part of the cost of production.

Amortization of Mine Property costs is provided on the unit of production method with separate calculations being made for each mineral resource. Mineral resources are proved and probable reserves. Changes in the commercial reserves affecting unit-of-production calculations are dealt with prospectively over the revised remaining reserves.

The net carrying value of each mine property is reviewed whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The carrying amount is compared to undiscounted cash flows. Where the carrying amount exceeds these cash-flows, the carrying values are written down to fair value.

Other Property, Plant and Equipment

The cost of each item of buildings, fixed plant, mobile machinery and equipment is written off over its expected useful life. Either the units-of-production or straight-line method may be used. The unit-of-production basis results in an amortization charge proportional to the depletion of the recoverable mineral resources. Each item's economic life has due regard to both its own physical life limitations and to present assessment of recoverable mineral resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, fixed plant and mobile machinery and equipment, with annual reassessments for major items.

The expected useful lives are as follows:

- mine buildings – the shorter of applicable mine life on units-of-production basis and 15 years
- fixed plant – the shorter of applicable mine life on units-of-production basis and 15 years
- mobile machinery and equipment – the shorter of applicable useful life and seven years, depending on the nature of the asset

Major spares purchased specifically for particular plant are capitalized and amortized on the same basis as the plant to which they relate.

The Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The carrying amount is compared to undiscounted cash flows. Where the carrying amount exceeds these cash-flows, the carrying values are written down to fair value.

Construction in progress is accumulated and carried forward at cost until the construction is complete. On completion the asset is transferred to the appropriate category of property, plant and equipment and is amortized over its expected useful life. Costs associated with the commissioning of an asset are capitalized until the commissioning has been completed.

m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

n) Asset retirement obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine. The Group records this obligation at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Group's credit adjusted risk-free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted over time to its full value. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset.

o) Income tax

The Group accounts for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying values and tax bases of assets and liabilities. Future tax assets and liabilities are measured using tax rates expected to be recovered or settled. Future tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognized only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. The effect on future tax assets and liabilities of changes in tax rates is recognized in income in the year in which the change is applied.

p) Earnings / (loss) per share

The Group follows the "treasury stock" method in calculating diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued, assuming "in the money" options and warrants were exercised and the proceeds used to repurchase common shares at a weighted average market price.

Basic earnings per share are calculated using the weighted average number of shares outstanding during the period.

q) Stock-based compensation

The Group accounts for stock options granted to employees and directors using the fair value method. For option awards, fair value is measured at the grant date using a Black-Schöles valuation model and is recognized as a charge to compensation expense and an increase in contributed surplus over the vesting period of the options granted. Cash consideration received from employees and directors when they exercise the option is credited to share capital including the amount of contributed surplus for the respective options exercised.

r) Investments

(i) Available-for-sale investments

Investment in marketable securities are classified as available-for-sale and recorded at fair value. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Changes in their fair value, net of tax, are recorded in other comprehensive income. The change in fair value of an investment appears in net income only when it is sold or impaired, or when it relates to the reversal of an available-for-sale investment. Valuations of the investments have been determined based on a hierarchy of valuation principles, which have been applied based on publicly available information. The valuation approach applied is as follows:

- fair values of instruments traded in active markets are based on quoted market prices at the reporting date.
- where instruments are not traded in an active market, fair value is determined using valuation techniques taking into account market information for financial instruments with similar characteristics as the underlying instrument being valued.
- where there is no comparable market information to determine the fair value of the instrument, fair value is calculated using other techniques, such as estimated discounted cash flows using contractual terms of the instrument, discount rates considered appropriate for the credit risk of the instrument and the current volatility in the market place.

When information or events indicate other than a temporary decline in value, the impairment loss is taken to the income statement in the period in which such events occur. Impairment losses recognized in net income for available-for-sale equity financial instruments classified as available for sale are not reversed. Impairment losses in available-for-sale debt financial instruments are reversed in the income statement, where the events or circumstances leading to the impairment subsequently reverse.

(ii) Equity accounted investments

Investments in which the Group has significant influence but does not have control are accounted for using the equity method. Under the equity method the investment is initially recorded at cost and the carrying value is adjusted thereafter, quarterly in arrears, to reflect the Group's pro-rata share of post acquisition income or loss. The amount of adjustment is included in the determination of net income of the Group, and the investment account of the Group is also increased or decreased to reflect the Group's share of capital transactions and changes in accounting policies. The carrying values of equity investments are regularly reviewed against market values (where available), based on closing prices of recognized security exchanges, to ensure there is no impairment. When there is a loss in value other than temporary decline, the investment is written down to recognize the loss.

s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost.

t) Impairment

The Group performs impairment tests on property, plant and equipment, mineral properties and mine development costs when events or changes in circumstances occur that indicate the value of the assets may not be recoverable. Where information is available and conditions suggest impairment, estimated future net cash flows for a mine or development project are calculated using estimated future prices, mineral resources, and operating, capital and reclamation costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of a mine or development project are recorded to the extent the net book value exceeds the discounted estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered.

Management estimates of mineral prices, recoverable reserves, and operating, capital and reclamation costs are subject to certain risks and uncertainties that may affect the recoverability of mineral property costs. Although management has made its best estimate of these factors, it is possible that changes could occur in the near-term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

u) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognized under the category 'provisions' in respect of employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognized under the category, 'provisions'. It is measured as the present value of expected future cash payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service.

(iii) Share-based payments

Share-based remuneration benefits are provided to employees via the Anvil Mining 2008 Share Incentive Plan. Information relating to this scheme is set out in note 25 (b). The fair value of options are determined by management using the Black-Schöles pricing model and are recognized as employee benefit expense with a corresponding increase in equity.

(iv) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognized as an expense in profit and loss as they are incurred.

v) Derivative activities

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each reporting date. The resulting gain or loss is recognized in the income statement immediately unless the derivative is designated and effected as a hedge instrument, in which event, the timing of the recognition in the income statement depends on the nature of the hedge relationship. For the purpose of this report, no derivative financial instruments qualify for hedge accounting.

w) Future changes in accounting policies

International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that publicly-listed companies will be required to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Group's first consolidated financial statements presented in accordance with IFRS will be for the three month period ending March 31, 2011, which includes presentation of its comparative results for fiscal 2010 under IFRS; as well as reconciliation to Canadian GAAP for the comparative quarter and as at the January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

3. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risks, which include foreign exchange risk against its functional currency, commodity price risk, and interest rate risk, credit and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments such as foreign exchange forward contracts, commodity price contracts and interest rate swaps to manage exposure to fluctuations in foreign exchange, metal prices and interest rates. The use of derivatives is for hedging purposes only and not for speculative activities and are subject to the oversight of the Board of Directors (the "Board").

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and, aging analysis for credit risk.

The Group holds the following financial instruments as at December 31, 2010:

	December 31 2010 $	December 31 2009 $
Financial assets		
Cash and cash equivalents	56,415	120,753
Restricted cash	7,827	887
Trade and other receivables	10,764	17,967
Available-for-sale investments: Current	–	1,243
Available-for-sale investments: Non-current	–	16,827
Derivative financial instrument	182	–
Long-term receivable	14,253	15,468
	89,441	**173,145**
Financial liabilities		
Trade and other payables	29,508	12,037
Derivative financial instrument	–	586
Long-term borrowings (including current portion)	36,478	364
Other non-current liability	–	6,711
	65,986	**19,698**

(a) Market Risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures against its functional currency.

Foreign exchange risk arises from commercial transactions and recognized assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group reviews its exposure to non-US dollar operating costs on a case by case basis. Revenue from copper sales is denominated in US Dollars, as is the majority of the Group's operating costs. The risk is measured using sensitivity analysis and cash flow forecasting.

During 2010 the Group entered into a number of forward exchange contracts with BNP Paribas between Australian dollars and US dollars and as at December 31, 2010 had two remaining forward contacts for AUD$812,123 and AUD$511,096 at AUD/USD exchange rates 0.8835 and 0.8800 respectively, expiring on January 25, 2011 and February 25, 2011 respectively.

As at December 31, 2010, the Group's carrying value of its foreign currency denominated monetary assets and liabilities were as follows:

	CCY	December 31 2010 Assets $	December 31 2010 Liabilities $	December 31 2009 Assets $	December 31 2009 Liabilities $
Australian Dollar	AUD	5,926	(1,339)	811	(831)
South African Rand	ZAR	445	(934)	362	–
Canadian Dollars	CAD	655	(1,229)	594	(140)
Congolese Francs	CDF	–	(987)	–	(784)
Balance sheet carrying value		**7,026**	**(4,489)**	**1,767**	**(1,755)**

Sensitivity

Based upon the above carrying values as at December 31, 2010, with other variables unchanged, had the US Dollar weakened / strengthened by 10% against these foreign currencies the Group's after tax gain / loss would have been $1.3 million / $(1.6) million (2009: $0.4 / $(0.5) million) as a result of foreign exchange gains / losses on translation of non-US dollar denominated balances as detailed above.

(ii) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is primarily exposed to commodity price risk arising from revenue derived from future copper sales.

The Group's commodity price risk associated with financial instrument relates primarily to changes in fair value caused by settlement adjustments to receivables.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

As at December 31, 2010, the Group had no outstanding derivative instruments in relation to the copper price risk and provisional copper-concentrate sale contracts of 613 tonnes of payable copper with an average provisional price of $9,095 per tonne.

As at December 31, 2009, the Group fixed the final price of all the provisional copper-concentrate sale contracts at $7,320 per tonne. As a result of the price-fixing, the Group was not exposed to commodity price risk on those receivables at year ended December 31, 2009.

Sensitivity

As at December 31, 2010, if the spot price of copper had been 10% higher/lower while all other variables were held constant the Group's after tax loss for the December 2010 sales would increase/decrease by $0.4 million (2009: nil).

For details on the commodity price risk and the use of derivatives to manage such risk, refer to Note 6.

(iii) Interest rate risk

The Company's main interest rate risk mainly arises from medium to long-term borrowings. Borrowings subject to variable rates expose the Group to cash flow volatility.

The Group's main interest rate risk arises from its long-term debt in the form of a Project Loan Facility and short-term deposits, with the Group holding significant cash and long-term debt balances.

The Group's long-term debt relates to a project loan facility that bears interest at a fixed margin over the three-month USD London Interbank Offered Rate (LIBOR) and its interest rate risk is entirely related to the volatility of the LIBOR over the life of the debt. As at December 31, 2010 the principal amount of long-term debt was $42 million (2009: nil).

The Group's current policy is to invest excess cash in short-term deposits with major international banks. The Group periodically monitors the cash deposits it makes and is satisfied with the credit rating of its banks. As at December 31, 2010 the cash and short term-deposits were $56.4 million (2009: $120.8 million).

Sensitivity

As at December 31, 2010, with other variables unchanged, a plus or minus 1% change in interest and LIBOR rates, on the Group's cash and long-term debt respectively would have a net affect effect on after tax income by plus or minus $0.1 million (2009: $1.2 million) for the year as a result of lower/higher interest income from cash offset by the interest payable on the long-term debt.

(b) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, trading and available-for-sale investments) are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments. Other techniques, such as estimated discounted cash flows, are used to determine fair value of the remaining financial instruments. During 2010, the available-for-sale debt investments were valued using the above mentioned techniques. The fair value of forward exchange contracts are determined using forward exchange market rates at the reporting date.

The carrying value, less impairment provisions of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Equity backed securities:

Effective January 1, 2009, Anvil adopted the amendment to CICA Handbook Section 3862, financial instruments, which requires disclosure about inputs to fair value measurements within fair value measurement hierarchy as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
c) Level 3: inputs for the asset or liability that are not based on observable market data.

DECEMBER 31, 2010	Level 1 $	Level 2 $	Level 3 $	Total $
Total Assets	–	–	–	–
Liabilities:				
Derivative financial instrument	–	182	–	182
Total Liabilities	–	**182**	-	**182**

DECEMBER 31, 2009	Level 1 $	Level 2 $	Level 3 $	Total $
Assets:				
Available-for-sale financial assets				
Equity securities	3,257	–	–	3,257
Debt investments	–	14,813	–	14,813
Total AFS assets	**3,257**	**14,813**	-	**18,070**
Liabilities:				
Derivative financial instrument	–	586	–	586
Total Liabilities	–	**586**	-	**586**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

(c) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group manages credit risk for trade and other receivables through established credit monitoring activities. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group's maximum exposure to credit risk at the reporting date is the carrying value of receivables, cash and cash equivalents. Credit risk is managed as noted in Notes 11(a) and 13 (a) and 13 (d) with respect to cash and receivables respectively.

The exposure to credit risk arises through the failure of a customer or another third party to meet its contractual obligations to the Group. The Group believes that its maximum exposure to credit risk as at December 31, 2010 and 2009 is the carrying value of its trade receivables.

Concentrate produced at the Group's Kinsevere mine is sold to Trafigura. Provisional payments are normally received within seven days of delivery, with majority of final settlement within one month following the date of shipment.

(d) Liquidity risk

As at December 31, 2010 the Company had $56.4 million in cash (2009: $120.7 million), nil available-for-sale investments (2009: $18.1 million), $10.8 million in trade receivables (2009: $17.9 million) and $36.5 million in long-term debt (2009: $0.4 million).

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

As at December 31, 2010 $58.0 million (2009: $100 million) of the commitment available under the Project Loan Facility remained undrawn.

(e) Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the period remaining to the contractual maturity date at December 31, 2010. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities as at December 31, 2010.

	Accounts Payable & Accruals[1] $	Long Term Debt[2] $	Total $
Within one year	29,508	8,372	**37,880**
In one to two years	–	12,563	**12,563**
In two to five years	–	28,397	**28,397**
	29,508	**49,332**	**78,840**

1. The Accounts payable balance includes a *Pas de Porte* (entry premium) payable to La Générale des Carrières et des Mines ("Gécamines") in January 2011. This is in relation to Mutoshi.
2. Long term debt includes repayment of the $42 million based on 12.5% every six months beginning on September 30, 2011 and the fees payable in respect of interest (based on LIBOR at 0.3% plus margin of 4.0%), political risk insurance and loan commitment fees.

Financial liabilities as at December 31, 2009.

	Accounts Payable & Accruals[1] $	Bank Loans $	Derivative financial instrument[2] $	Other non-current[3] $	Total $
Within one year	12,037	312	586	–	**12,935**
In one to two years	–	75	–	7,198	**7,273**
In two to three years	–	–	–	–	–
	12,037	**387**	**586**	**7,198**	**20,208**

1. The Accounts payable balance includes a *Pas de Porte* (entry premium) payment of $5 million that was paid in January 2010 to Gécamines in connection with the Group's Kinsevere project.
2. The Group entered into derivative financial instrument to manage its exposure to copper price risk. Further details are disclosed in Note 6.
3. The Other non-current balance includes a *Pas de Porte* (entry premium) payable to Gécamines in January 2011. This is in relation to Mutoshi.

4. Capital risk management

The Group's objectives when managing capital are to:

a) Have sufficient capital to develop and maximise returns from the Group's mineral properties;
b) Safeguard the Group's ability to construct and commission the SX-EW plant;
c) Continue to provide returns for shareholders; and
d) Maintain the Group's ability to continue as a going concern.

The Group considers the items included in the shareholders' equity to be capital. To effectively manage the Group's capital requirements, the Group's management has in place a planning, budgeting and forecasting process.

The Group manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Group's assets. In order to maintain or adjust the capital structure, the Group may issue new shares, or sell assets to reduce debt.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

5. Other revenues / expenses	Year Ended December 31 2010 $	2009 $
Other income		
Interest income	2,181	1,115
Other income	249	207
Gain on sale of available-for-sale-investments	4,719	–
	7,149	**1,322**
Other expenses		
Settlement of termination of contract	**3,250**	**-**
This relates to the settlement of a claim received in December 2010 relating to the termination of a mining contract in 2008 at Kinsevere.		
Interest and financing fees		
Interest	59	157
Financing costs	956	–
Accretion of asset retirement obligation	1,412	983
	2,427	**1,140**
Included in the financing costs is $0.7 million in relation to cost incurred in negotiations to re-finance the existing loan facility.		
Provision for impairment		
Relating to equity accounted investments	–	445
Relating to long-lived assets	–	315
Relating to inventory	–	2,116
	-	**2,876**
Write back of provision for impairment		
Reversal of impairment of AFS debt investments	**9,688**	**4,052**

Prior to the sale of the AFS debt investments during the year, a reversal of prior impairments amounting to $9.7 million had been recognized in the income statement.

Long-lived assets including deferred mining costs, exploration, evaluation and development expenditure, property plant and equipment and mine properties are initially recognized in the financial statements in accordance with the Group's accounting policies set out in Note 2.

Significant property acquisition, exploration, evaluation and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. No costs are deferred on a mineral property that is considered to be impaired in value.

Provision for impairment relating to long-lived assets		
Plant and Equipment		
Kinsevere (Electric-Arc Furnace ("EAF"), Heavy-Media Separation ("HMS") Plant and Spirals Plant)	**-**	**315**
Provision for impairment relating to inventory (stores and consumables)		
Kinsevere (EAF, HMS and Spirals Plant)	**-**	**2,116**
Exploration and acquisition expenditure written off		
Exploration Expenditure[1]		
Mutoshi project	882	–
Kinsevere project	292	–
Philippines regional exploration project	–	3,225
Exploration various	141	–
	1,315	**3,225**

1. Refers to exploration expenditure directly incurred by the Group on its tenements, as part of general exploration activity.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

6. Derivative financial instruments

	Year Ended December 31 2010 $	2009 $
Gain recognised on forward foreign exchange contracts	768	–
Loss recognised on forward copper price contracts – held for trading	–	(586)
	768	**(586)**

At December 31, 2010, the Group held two forward contacts with BNP Paribas for AUD$0.8 million at AUD/USD exchange rates of 0.88 expiring in January 25, 2011 and February 25, 2011 respectively.

7. Classified as 'held for sale'

At year end 2010, the Group classified drill rig assets with a net book value of $1.2 million as 'held for sale' as it intends to dispose of these assets in 2011.

At year end 2009, the Dikulushi mine was classified as a discontinued operation, held for sale, as the Company expected to divest its interest in the Dikulushi mine during 2010. In April 2010, the Group completed the sale of its interest in the Dikulushi mine for a realised gain of $5.9 million. The after-tax loss of this discontinued operation for the year ended December 31, 2009 was $3.7 million.

The financial performance, balance sheet, and cash flow information presented are for the 12 months ended December 31, 2010 and 2009.

The carrying amounts of assets and liabilities as at the year ended December 31, 2010 and 2009 were:

	December 31 2010 $	December 31 2009 $
ASSETS		
Current assets		
Cash and cash equivalents	–	481
Accounts receivable	–	1,132
Prepaid expenses and deposits	–	501
	–	**2,114**
Non-current assets		
Restricted cash	–	424
Exploration and acquisition expenditure	–	2,299
Property, plant and equipment	1,204	2,433
	1,204	**5,156**
Total assets	**1,204**	**7,270**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	–	726
Loans payable	–	1,034
Other liabilities	–	2
Current portion of long-term debt	–	2
	–	**1,764**
Non-current liabilities		
Asset retirement obligations	–	983
	–	**983**
Total liabilities	**–**	**2,747**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

The financial performance for the year was:

	December 31 2010 $	December 31 2009 $
Concentrate sales	–	1,813
Operating expenses	(339)	(4,844)
Amortization	–	(859)
	(339)	(3,890)
Other income	–	101
Provision for impairment of assets	–	(358)
Foreign exchange gains	–	86
Loss before income tax and non-controlling interest	(339)	(4,061)
Income tax (expense) / recovery	(557)	410
Net loss from discontinued operations	**(896)**	**(3,651)**
Loss per share from discontinued operations:		
Basic loss per share ($)	(0.01)	(0.04)
Diluted loss per share ($)	(0.01)	(0.04)

8. Income tax

(a) The income taxes shown in the consolidated statement of earnings differ from amounts calculated by applying the statutory rates to earnings before provision for income taxes due to the following:

Income / (Loss) before income tax and non-controlling interest	**7,865**	**(20,974)**
Income tax expense / (benefit) at Canadian statutory rates – 29.9% (2009:30.9%)	2,352	(6,481)
Difference in tax rates	(41)	189
Non-deductible expenses	2,802	889
Tax losses not recognized	3,855	2,967
Non – assessable interest income	(16,174)	-
Adjustment in respect of current income tax of previous year	882	-
Reversal of provision for impairment not assessable for tax	(2,897)	(863)
Taxation (benefit)	**(9,221)**	**(3,299)**
Comprising:		
- Current income taxes	1,076	84
- Future income taxes	(10,297)	(3,383)
(b) Future Income Tax		
Future income tax liabilities		
Exploration expenditure	10,113	10,078
Mining property	27,966	27,399
Other	126	49
	38,205	37,526
Future income tax assets	(27,454)	(16,478)
Net future income tax liability	**10,751**	**21,048**
Future income tax assets		
Non-capital loss carry forwards	50,023	33,460
Inventory, Property, Plant & Equipment and other	(464)	615
	49,559	34,075
Less: Valuation allowance	(22,105)	(17,597)
Less: Deducted from future income tax liabilities	(27,454)	(16,478)
Net future tax asset	**–**	**–**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

The Group has the following gross carried forward non-capital loss that may be available for tax purposes:

(i) Canada - $26.1 million (2009 - $19.9 million) expiring between 2025 and 2029

(ii) Australia - $7.0 million (2009 - $9.4 million) – indefinite

(iii) DRC - $133.7 million (2009 - $91.0 million) – indefinite

A valuation allowance of $22.1 million (2009 $17.6 million) has been recorded against the potential income tax benefits of the carried forward losses, as full realization at this time is not considered more likely than not to occur.

A misallocation has been identified in 2009 for future income tax liabilities related to exploration expenditure and mining property resulting in an adjustment to increase mining property and to decrease exploration expenditure of $20.5 million respectively.

The Mutoshi and Kinsevere projects operate under the fiscal regime at the time the DRC Mining Code came into effect in June 2003, under which the applicable DRC Professional income tax rate is 30%.

9. Deferred financing fees	December 31 2010 $	December 31 2009 $
Balance at beginning of year	2,865	-
Fees paid during the year – Trafigura	3,554	2,865
Amortization of deferred financing fees	(795)	-
Transferred to Long-Term Debt	(5,624)	-
	-	**2,865**

Deferred Financing Fees represents costs associated with the Project Loan Facility and include fees and commissions paid to Trafigura, banks, law firms and other professional entities. During 2010, the Group drew down under this facility and the related transaction costs have, in accordance with policy note 2(m), been offset against the amounts drawn down (see note 22).

10. Other non-current liability

Balance at beginning of year	6,711	-
Non-current liability incurred during the year	-	6,589
Interest / Accretion expense	487	122
Transferred to current under 'Accounts payable and accrued liabilities'	(7,198)	-
	-	**6,711**

The $7.2 million represents the *Pas de Porte* (Entry Premium) payment made to Gécamines in January 2011.

11. Cash and cash equivalents

Cash at bank and in hand	30,896	20,000
Deposits at call	25,519	100,753
	56,415	**120,753**

(a) Credit Risk Exposure

All cash investments are held in transactional bank accounts or on term deposit held with four international banks, each of which carries a Moody's short-term credit rating of A1 or above, providing average interest of 1.1% per annum with maturity tenures of three months or less. The credit risk exposure of the Group in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

12. Restricted cash

Deposits held as security for Kinsevere Stage II project	7,314	-
Mine rehabilitation deposits – non current	513	887
	7,827	**887**

Deposits held as security for the Kinsevere Stage II project related primarily to cash collateral in connection with security in place under the Stage II engineering, procurement and construction management contract and is on deposit with an international bank. The security guarantees will be released from restricted cash upon the completion of the construction of Kinsevere Stage II.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

13. Trade and other receivables

	December 31 2010 $	December 31 2009 $
Trade receivables (net of provision for doubtful debts)	6,116	13,437
Accrued interest income	98	85
Advances to suppliers and contractors	68	1,696
Current portion of long-term receivable – Société Nationale d'Électricité ("SNEL")	2,538	1,033
Receivable from SNEL – Pweto Project	1,091	–
Other	853	1,716
	10,764	**17,967**

Receivables are non-interest bearing and unsecured. Trade receivables are on the terms operating in the commodities industry, which usually require final settlement within two to four month following the date of shipment. For the year ended December 31, 2010, the Group derived 100% of its revenues from one major customer, Trafigura. The credit risk exposure of the Group in relation to receivables is the carrying amount. There is no price risk exposure as explained in note 3 (a) (ii) (commodity price risk).

The current portion of the long-term receivable of $2.5 million represents the amount receivable from SNEL in relation to the joint venture agreement with Ruashi Mining sprl to construct infrastructure necessary to ensure supply of the required power for the operation of the Kinsevere Stage II SX-EW plant. As at December 31, 2010, the current portion of the long term receivable of $2.5 million was fully performing (2009: $1.0 million).

(a) Impaired trade receivables

As at December 31, 2010, the Group held no trade receivables which were considered uncollectible (2009: $7.6 million). The amount of provision for doubtful debts has been determined through a review of the receivables with regard to recoverability, financial standing of the counterparty and defaults in payments. Movement in the provision for doubtful debts are as follows:

Opening Balance	7,592	7,775
Add: provision for doubtful debts recognized during the year	–	–
Less: provision for doubtful debts written off during the year as uncollectible	(7,592)	(183)
Closing Balance	**–**	**7,592**

Changes in the provision for doubtful debts have been included in "operating expenses" in the Income Statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Fully performing and past due but not impaired

As of December 31, 2010, trade receivables of $4.9 million were neither past due nor impaired (2009: $7.9 million) and $1.2 million were past due but not impaired (2009: $5.5 million). The ageing analysis of these past due trade receivables is as follows:

Up to 3 months:	1,191	5,494

(c) Foreign exchange and interest rate risk

Trade receivables are not exposed to foreign exchange and interest rate risk.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 3 for more information on the risk management policy of the Group and the entity's trade receivables.

14. Inventories

Raw materials and stores – at NRV	1,112	2,309
Ore stockpiles – at cost	25,899	21,485
Concentrate in stockpiles and in transit – at NRV	158	1,589
	27,169	25,383
Less: Non-current (low-grade ore stockpiles) – at cost	(13,109)	(11,163)
Current Portion of Inventory	**14,060**	**14,220**

The low-grade ore stockpiles at Kinsevere have been classified non-current as they are expected to be processed only in the later years of operation of the Stage II SX-EW plant.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

15. Available-for-sale investments	December 31 2010 $	December 31 2009 $
At cost:		
Current available-for-sale investments	–	1,487
Non-current available-for-sale investments	–	30,874
	–	32,361
At fair value:		
Current available-for-sale investments	–	1,243
Non-current available-for-sale investments	–	16,827
	–	**18,070**

The available-for-sale investments were sold during November and December 2010 for proceeds of $30.1 million.

16. Prepaid expenses and deposits

Prepayments to creditors and sub-contractors	654	24,471
Prepaid expenses – Other	1,176	1,053
Deposits to suppliers	394	375
	2,224	**25,899**

17. Equity accounted investment

	December 31, 2010			December 31, 2009		
Name of Company	**Ownership interest %**	**No. of Shares**	**$**	**Ownership interest %**	**No. of Shares**	**$**
Mawson West Ltd ("Mawson West")	25	83,070,000	11,927	–	–	–

	December 31 2010 $	December 31 2009 $
Movements in carrying amounts		
Opening carrying value in Equity Accounted investment – at cost	–	1,320
Cost of investments acquired during the period	12,460	-
Share of loss	(533)	-
Provision for impairment	–	(445)
Transfer to AFS investments	–	(875)
Carrying value at end of the period	**11,927**	**-**

At April 9, 2010 the Group completed the sale to Mawson West of Anvil Mining Congo SARL ("AMC"), the holder of the Dikulushi Mining Convention and the Dikulushi copper-silver mine in the DRC.

Under the terms of the agreement, the shares in AMC held by the Group were transferred to Mawson West, in consideration for which the Group received 83,070,000 shares in Mawson West, representing 25% of the issued and outstanding shares in Mawson West, on an undiluted basis.

The gain on sale of discontinued operation of $5.9 million resulted from the share consideration received from Mawson West of $12.5 million (83,070,000 shares in Mawson West valued at $0.15 per share), for the Group's 90% interest in Dikulushi mine which had been valued at $5.6 million. Further costs of $0.9 million relating to the sale resulted in a net gain on the sale of Dikulushi. The value ascribed to the shares received by the Group as consideration for the sale of AMC to Mawson West was in excess of the share of net assets acquired in Mawson West on acquisition. The Group has ascribed the additional value to exploration assets within the investment.

As at December 31, 2010 the Group accounted for Mawson West's share of loss for the period ending September 30, 2010.

In January 2009, the investment in Sub-Sahara Resources NL ("SBS") was transferred to available-for-sale investments as a result of the Group ceasing to have significant influence over the affairs of SBS. In August 2009, SBS announced a merger with Chalice Gold Mining Limited ("Chalice").

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

18. Long-term receivables	December 31 2010 $	December 31 2009 $
Receivable from Société Nationale d'Électricité ("SNEL") – Ruashi Project	14,253	14,457
Receivable from SNEL – Pweto Project	–	1,011
	14,253	**15,468**

The Group entered into a joint venture agreement with Ruashi Mining SPRL to construct infrastructure necessary to ensure supply of the required power for the operation of the Kinsevere Stage II SX-EW plant. Under the terms of this agreement, Anvil agreed to provide $16.8 million for development of this infrastructure. The completion date for the development of the infrastructure was at the end of August 2010, at which time it became the property of SNEL, the Government electricity company of the DRC. The Group's costs incurred in this development will be recovered through a series of monthly repayments over a five-year period that commences six months from completion of the infrastructure development. The receivable from SNEL in regards to the Pweto project has been reclassified as current as it is expected to be collected within the next 12 months. As of December 31, 2010, the long-term receivable of $14.3 million was fully performing and not impaired.

	December 31 2010 $	December 31 2009 $
19. Exploration and acquisition expenditure		
Exploration and acquisition expenditure at beginning of period	62,385	51,352
Expenditure incurred[3]	341	14,257
Expenditure written off	(1,315)	(3,225)
Exploration and acquisition expenditure at end of period	**61,411**	**62,384**
Exploration expenditure per area of interest[1]		
- Kinsevere projects	20,225	20,182
- Mutoshi projects	12,897	13,779
- Other exploration projects	27	161
	33,149	**34,122**
Acquisition expenditure per area of interest[2]		
- Mutoshi projects[3]	28,262	28,262
	61,411	**62,384**
Total exploration and acquisition expenditure per area of interest		
- Kinsevere projects	20,224	20,182
- Mutoshi projects[3]	41,160	42,041
- Other exploration projects	27	161
	61,411	**62,384**

The carrying value of expenditure on areas of interest in the exploration phase is dependent upon the successful development and commercial exploitation of the tenements, or alternatively the sale of the tenements for at least carrying value.

1. Refers to exploration expenditure directly incurred by the Group on tenements as part of general exploration activity.
2. Refers to the fair value of exploration property acquired.
3. Exploration costs for Mutoshi includes the $13.8 million premium payable (fair value) to Gécamines in relation to the DRC Government review of the mining agreements, of which $7.2 million was paid in December 2009 and the balance is payable in January 2011.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

20. Property, plant and equipment	December 31, 2010 Cost $	Accumulated depletion, amortization and write-down $	Net book value $
Kinsevere[1]			
Land and buildings	6,125	(2,657)	3,468
Plant and equipment	74,365	(64,098)	10,267
Mine property	128,946	(23,309)	105,637
Capital work in progress[2]	350,063	–	350,063
	559,499	(90,064)	469,435
Mutoshi[3]			
Land and buildings	2,270	(730)	1,540
Plant and equipment	6,935	(6,935)	–
Mine property	11,138	(8,108)	3,030
Capital work in progress	4,638	–	4,638
	24,981	(15,773)	9,208
Services[4]			
Land and buildings	2,022	(582)	1,440
Plant and equipment	2,233	(1,477)	756
	4,255	(2,059)	2,196
Corporate and other[5]	4,401	(2,670)	1,731
	593,136	**(110,566)**	**482,570**

1. The carrying value of expenditure on the Kinsevere project is dependent upon the successful development and commissioning of the SX-EW plant, or alternatively the sale of the related assets for at least the carrying value. The Kinsevere property, plant and equipment includes all land and buildings, plant and equipment located at Kinsevere in the DRC. This includes the $15 million premium payment to Gécamines in relation to the DRC Government review of mining agreements.
2. Capital work in progress at Kinsevere includes $2.6 million capitalised borrowing costs.
3. The Mutoshi land and buildings, property, plant and equipment includes all land and buildings, plant and equipment related to Mutoshi Stage I HMS plant, located at Kolwezi in the DRC.
4. The Services land and buildings, plant and equipment includes all land and buildings, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.
5. The Corporate and other assets are all located in Australia and North America.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

20. Property, plant and equipment (continued)	December 31, 2009 Cost $	Accumulated depletion, amortization and write-down $	Net book value $
Kinsevere[1]			
Land and buildings	6,061	(1,894)	4,167
Plant and equipment	76,530	(56,872)	19,658
Mine property	128,946	(17,911)	111,035
Capital work in progress	174,059	–	174,059
	385,596	(76,677)	308,919
Mutoshi[2]			
Land and buildings	2,270	(447)	1,823
Plant and equipment	7,252	(6,412)	840
Mine property	11,139	(8,108)	3,031
Capital work in progress	4,601	–	4,601
	25,262	(14,967)	10,295
Services[3]			
Land and buildings	2,023	(372)	1,651
Plant and equipment	3,966	(2,451)	1,515
Capital work in progress	104	–	104
	6,093	(2,823)	3,270
Corporate and other[4]	3,910	(1,832)	2,078
Total Property, plant and equipment	**420,861**	**(96,299)**	**324,562**
Discontinued Operation classified as held for sale (Dikulushi)[5]			
Land and buildings	3,473	(2,793)	680
Plant and equipment	26,721	(26,058)	663
Mine property	29,630	(28,637)	993
Capital work in progress	97	–	97
	59,921	**(57,488)**	**2,433**

1. The carrying value of expenditure on the Kinsevere project is dependent upon the successful development and commissioning of the SX-EW plant, or alternatively the sale of the related assets for at least the carrying value. The Kinsevere property, plant and equipment includes all land and buildings, plant and equipment located at Kinsevere in the DRC. This includes the $15 million premium payment for Gécamines in relation to the DRC Government review of mining agreements,
2. The Mutoshi land and buildings, property, plant and equipment includes all land and buildings, plant and equipment related to Mutoshi Stage I HMS plant, located at Kolwezi in the DRC.
3. The Services land and buildings, plant and equipment includes all land and buildings, plant and equipment at Lubumbashi in the DRC or used in the drilling, development, logistics and administrative services operations in the DRC.
4. The Corporate and other assets are all located in Australia and North America.
5. The asset held as Discontinued Operation represents the Dikulushi property, plant and equipment which includes all property, plant and equipment located at Dikulushi or used in the support of the Dikulushi operations situated in the DRC and elsewhere in Central and Southern Africa.

	December 31 2010 $	December 31 2009 $
21. Trade and other payables		
Trade creditors	9,114	7,701
Due to Gécamines	7,198	–
Creditor and other accruals	13,196	4,336
	29,508	**12,037**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

22. Long-Term Debt

	December 31 2010 $	December 31 2009 $
Balance at beginning of year	290	362
Repayment of current portion of long-term debt	(188)	(72)
Current portion of long-term debt	5,250	–
Current portion of deferred financing fees	(703)	–
Current portion of long-term debt at end of year	**4,649**	**290**
Balance at beginning of year	74	321
Repayment of long-term debt	(74)	(247)
Long-term debt drawn during the year	42,000	–
Current portion of long-term debt	(5,250)	–
Long-term portion of deferred financing fees	(4,921)	–
Long-term debt at end of year	**31,829**	**74**

On December 16, 2009, the Group entered into the Trafigura Project Loan Facility. As at December 31, 2010 $42.0 million of the commitment available under the Project Loan Facility had been drawn and a further $5.0 million was drawn on February 1, 2011. Deferred borrowing costs relating to the establishment of the facility have been included as part of the long-term debt. The Project Loan Facility bears interest at a fixed margin of 4.0% over the London Interbank Offered Rate (LIBOR) over the life of the debt. Principal repayments on the long-term debt are to be paid every six months commencing in September 2011, with a final maturity date of March 2014.

23. Asset retirement obligation

The Group has restoration and remediation obligations associated with its operating mines and processing facilities. The following table summarizes the movements in the asset retirement obligation for the years ended December 31, 2010 and 2009:

	December 31 2010 $	December 31 2009 $
Balance at beginning of year	12,858	12,980
Less obligation relating to discontinued operation (note 7)	–	(983)
Accretion expense	536	861
Asset retirement obligation at end of year	**13,394**	**12,858**

The asset retirement obligations have been recorded initially as a liability at fair value, assuming a credit adjusted risk-free discount rate between 7.38% and 7.89%. The Kinsevere operation is based on an expected life of 19 years and estimated total undiscounted cash flows of $27.0 million. Payments are expected to occur over a period exceeding 19 years. During the year ended December 31, 2010 the accretion expense in relation to the liability was $0.5 million (year ended December 31, 2009: $0.9 million).

24. Non-controlling interests and social development expenditure

The Group holds a beneficial interest of 95% in AMCK Mining s.p.r.l. ("AMCK") which is the owner and operator of the Kinsevere mine.

The Group holds a beneficial interest of 70% in Société Minière de Kolwezi sprl ("SMK") which is the owner and operator of the Mutoshi project, including the Stage I HMS development that processed material from the Kulumaziba River tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. Gécamines holds the remaining 30% interest in SMK on a non-dilutable basis.

The movements in non-controlling interests during the year ended December 31, 2010 are as follows:

	December 31 2010 $	December 31 2009 $
(a) AMC – non-controlling interests		
Balance – beginning of period	260	1,909
Amounts disbursed on behalf of the Dikulushi Trusts during the period	(35)	(1,243)
Reimbursement of advance to Trusts	360	–
Interests in net loss of AMC	–	(406)
AMC non controlling interests derecognised on disposal	(585)	–
Balance – end of period	**–**	**260**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

	December 31 2010 $	December 31 2009 $
(b) SMK – non-controlling interest		
Balance – beginning of period	–	–
Interests in net earnings of SMK	(1,160)	–
Balance – end of period	**(1,160)**	**–**
(c) AMCK – non-controlling interests		
Balance – beginning of period	–	–
Interests in net earnings of AMCK	(1,726)	–
Balance – end of period	**(1,726)**	**–**
Total non-controlling interests – end of period	**(2,886)**	**260**
(d) Social development expenditure		
Social development expenses in operating expenses (Kinsevere)	824	743
Total social development expenditure	**824**	**743**

25. Common shares, share options and share warrants

(a) Equity Accounts

		December 31, 2010		December 31, 2009	
Common Shares		No. of Shares	Amount $	No. of Shares	Amount $
Balance – beginning of period		150,353,159	484,722	71,244,578	376,350
Exercise of stock options / warrants	(i)	435,000	1,049	–	–
Share issue	(ii)	–	–	78,412,929	112,634
Share issue expenses	(iii)	–	(322)	–	(4,981)
Issue of shares for services	(iv)	–	–	695,652	719
Shares purchased under ESSIP	(v)	(442,679)	(1,238)	–	–
Balance – end of period		**150,345,480**	**484,211**	**150,353,159**	**484,722**
Contributed Surplus					
Balance – beginning of period			8,960		7,069
Employee stock based compensation recognized			855		1,891
Transfer to common shares			(402)		–
Balance – end of period			**9,413**		**8,960**
Warrants (refer note 25(c))			**16,665**		**16,665**
Equity Accounts			**510,289**		**510,347**

(i) During the year ended December 31, 2010, 435,000 employee and director stock options were exercised (December 31, 2009: nil).
(ii) During the year ended December 31, 2009, the Company issued 78,412,929 common shares.
(iii) During the year ended December 31, 2010 total share issue expenses incurred were $0.3 million (December 31, 2009: $5.0 million).
(iv) During the year ended December 31, 2010, there were no common shares issued for payment of services (December 31, 2009: 695,652 common shares).
(v) The Group established an Executive and Senior Staff Incentive Plan ("ESSIP") in July 2008. The ESSIP provides for a variable component of incentive based compensation to be paid in the form of shares in the Group, with any award directly related to the performance of the Group and its business units as well as the achievement of safety and environment objectives and individual performance objectives. The Nomination, Compensation and Corporate Governance Committee (the "NC&CGC") is responsible for setting the relevant performance objectives and determining any awards under the ESSIP.

A trust (the "Trust") has been established to manage the share component of ESSIP awards. The Group funds the Trust and the Trust is empowered to purchase common shares of Anvil on the Toronto Stock Exchange ("TSX"), with such shares only allocated to ESSIP participants on the passing of a resolution by the NC&CGC that the relevant performance objectives have been achieved.

No awards were paid under the ESSIP in 2008 and the ESSIP was suspended during 2009, only recommencing in May 2010. The decision to restart the ESSIP required the acquisition of shares in the Group by the Trust in order to meet the maximum award obligations for the year ended December 31, 2010.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

(b) Stock option plan

Pursuant to the Anvil Mining 2008 Share Incentive Plan (the "Plan"), which was approved by the Company's shareholders at the 2007 Annual General Meeting, the Company may grant options and awards to directors, officers, employees and consultants. At December 31, 2010, the Company is able to issue an additional 11,019,418 (December 31, 2009: 10,772,931) common shares under the Plan.

The Black-Schöles option pricing model and the valuation assumptions below are used to estimate the fair values of stock options granted.

The assumptions used in determining the fair value of stock options granted under the Plan are as follows:

	Canadian dollar based options
Risk-free interest rate:	2.8%
Expected life:	59 months
Expected volatility:	82.6%
Expected dividend yield:	0%

During the year ended December 31, 2010, 300,000 stock options with an exercise price ranging from C$2.98 to C$3.27 each, with a total fair value of $0.50 million were issued to non-executive directors pursuant to the terms of the Plan. In addition 75,000 stock options were exercised and 225,000 stock options expired. During the year ended December 31, 2009, 400,000 stock options with an exercise price of C$1.35 each (total fair value of $0.37 million) and 150,000 options with an exercise price of $1.27 each (total fair value of $0.20 million) were issued in lieu of cash for services rendered by independent directors in connection with financings undertaken by the Company. In addition 100,000 stock options with an exercise price of C$1.16 each, and 150,000 stock options with an exercise price of C$1.60 each, with a total fair value of $0.08 million and $0.15 million respectively were issued to non-executive directors pursuant to the terms of the Plan.

During the year ended December 31, 2010, 200,000 stock options were issued to employees with an exercise price of C$2.84 each, with a total fair value of $0.26 million were issued to employees under the Plan. In addition 360,000 stock options were exercised. During the year ended December 31, 2009, 2,030,000 stock options with an exercise price of C$1.35, with a total fair value of $1.49 million, were issued to employees under the Plan and no employee stock options were exercised. In addition 871,590 stock options expired.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the TSX during the five trading days immediately before the date on which stock options are granted.

The stock option expense for the year ended December 31, 2010 amounted to $0.9 million (year ended December 31, 2009: $1.9 million). As at December 31, 2010, the aggregate fair value of unvested stock options remaining to be charged to income amounted to $0.4 million (December 31, 2009: $0.5 million).

	December 31, 2010		December 31, 2009	
Outstanding stock options	**No. of Shares**	**Weighted Average Exercise Price**	**No. of Shares**	**Weighted Average Exercise Price**
Canadian Dollar based options[1]				
Outstanding at beginning of period	4,284,385	C$10.49	2,325,975	C$8.39
Granted under plan	500,000	C$3.06	2,830,000	C$1.35
Exercised	(435,000)	C$1.71	-	-
Expired and forfeited	(225,000)	C$6.37	(871,590)	C$6.39
Outstanding at the end of the period	**4,124,385**	**C$4.17**	**4,284,385**	**C$10.49**
Options vested and outstanding at the end of the period	**3,539,065**	**C$4.13**	**2,082,382**	**C$5.15**

1. These stock options have been issued to the directors and employees of the Company pursuant to the Plan.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

The following table summarizes information about stock options outstanding at December 31, 2010:

	Options outstanding			Options exercisable		
Range of exercise prices	No. of stock options outstanding at Dec. 31, 2010	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at Dec. 31, 2010	Weighted average of remaining contractual life (months)	Weighted average exercise price
C$1.16–C$1.60	2,180,000	25	C$1.35	2,180,000	25	C$1.35
C$2.84–C$2.98	275,000	69	C$2.88	–	–	–
C$3.27	225,000	66	C$3.27	–	–	–
C$3.80	295,000	5	C$3.80	295,000	5	C$3.80
C$7.06	169,334	15	C$7.06	169,334	15	C$7.06
C$9.41	600,000	20	C$9.41	600,000	20	C$9.41
C$11.06–C$11.84	50,000	23	C$11.28	33,333	23	C$11.28
C$12.04–C$12.43	205,958	33	C$12.29	162,305	33	C$12.25
C$13.09	75,000	38	C$13.09	50,000	38	C$13.09
C$14.06	49,093	27	C$14.06	49,093	27	C$14.06
Total	**4,124,385**	**29**	**C$4.17**	**3,539,065**	**23**	**C$4.13**

The following table summarizes information about stock options outstanding at December 31, 2009:

	Options outstanding			Options exercisable		
Range of exercise prices	No. of stock options outstanding at Dec. 31, 2009	Weighted average of remaining contractual life (months)	Weighted average exercise price	No. of stock options vested and outstanding at Dec. 31, 2009	Weighted average of remaining contractual life (months)	Weighted average exercise price
C$1.16–C$1.60	2,590,000	37	C$1.35	800,000	63	C$1.36
C$3.80	320,000	17	C$3.80	320,000	17	C$3.80
C$4.25–C$4.66	150,000	7	C$4.27	150,000	7	C$4.27
C$7.06	194,334	27	C$7.06	194,334	27	C$7.06
C$9.41	600,000	32	C$9.41	433,333	32	C$9.41
C$11.06–C$11.84	50,000	35	C$11.28	16,667	35	C$11.28
C$12.04–C$12.43	230,958	46	C$12.26	101,986	44	C$12.21
C$13.09	100,000	50	C$13.09	33,333	50	C$13.09
C$14.06	49,093	39	C$14.06	32,729	39	C$14.06
Total	**4,284,385**	**34**	**C$4.15**	**2,082,382**	**40**	**C$5.15**

(c) Warrants

Warrants granted to purchase common shares were as follows:	Number of warrants	Exercise Price	Amount $
Balance at December 31, 2009 and December 31, 2010	11,228,320	C$2.75	16,665

26. Commitments

(a) Exploration Expenditure Commitments

No estimate has been given of commitments beyond one year as this is dependent upon the directors' review of operations in the short to medium-term. Commitments for all tenement expenditure can be terminated at any date by forfeiture, exemption, sale or assignment of the tenements, subject to certain constraints.

(b) Kinsevere mine

The outstanding capital commitments of the Kinsevere mine contracted for as at December 31, 2010 were $39.1 million (December 31, 2009: $13.7 million). Under the Kinsevere acquisition agreement, AMCK has an ongoing obligation to pay a mining royalty of 2.5% of gross sales to Gécamines. AMCK also has a similar obligation of 2% of net sales to the DRC Government.

(c) Mutoshi mine

Under the Mutoshi acquisition agreement, SMK has an ongoing obligation to pay a mining royalty of 2.5% of gross sales to Gécamines. SMK also has a similar royalty obligation of 2% of net sales to the DRC Government.

(d) Central Bank of Congo

Anvil subsidiaries operating in the DRC are required to comply with the Central Bank of Congo regulations regarding repatriation of sales proceeds received into bank accounts located outside the DRC. The subsidiaries are required to repatriate no less than 40% of the realized sales receipts, within certain time periods, into US dollar denominated bank accounts located in the DRC. The funds once repatriated, are available to the Company to meet obligations both within and outside the DRC. At December 31, 2010 the amount to be repatriated was nil (December 31, 2009: $4.4 million).

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

27. Segment information

The Group's reportable operating segments are strategic business units that produce different but related products or services. Each business unit is managed separately because each requires different technology and marketing strategies.

Kinsevere

The Group holds a beneficial interest of 95% in the Kinsevere operation located in the Katanga province of the DRC. The Stage I HMS plant was commissioned in June 2007 and produces an oxide copper concentrate. Stage II involves development of a 60,000 tonnes per year SX-EW plant which will produce LME Grade A copper cathode.

Mutoshi

The Group holds a beneficial interest of 70% in SMK which is the owner of the Mutoshi project, including the Stage I HMS development that processed material from the Kulumaziba river tailings deposit at the Kulu operation and the holder of other exploration tenements in the Kolwezi region. Gécamines holds the remaining 30% interest in SMK on a non-dilutable basis.

CDA

The corporate development, administration and other segment accounts for the evaluation and acquisition of new mineral properties, regulatory reporting and corporate administration. The inter-segment eliminations relate to inter-company interest charged on loan balances and the charging of corporate marketing, finance and agency fees within the Group.

For the year ended December 31, 2010, segmented information is presented as follows

	Year Ended December 31 2010				
	Kinsevere	Mutoshi	CDA	Inter-segment	Total
Sales	59,148	1,001	–	–	60,149
Operating expenses	(30,718)	(2,456)	(116)	–	(33,290)
Amortization	(15,626)	(1,097)	(1,388)	–	(18,111)
Segmented operating profit / (loss)	**12,804**	**(2,552)**	**(1,504)**	**-**	**8,748**
Interest expense and financing fees	(55,663)	(538)	(1,015)	54,789	(2,427)
Gain on derivative instruments	768	–	–	–	768
Write back of provision for impairment	–	–	9,688	–	9,688
Other income	135	118	73,041	(66,145)	7,149
Exploration expenditure written off	–	(880)	(435)	–	(1,315)
Other expenses	(14,108)	(1,107)	(10,887)	11,356	(14,746)
Segmented (loss) / profit before under noted items	**(56,064)**	**(4,959)**	**68,888**	**-**	**7,865**
Income taxes recovery / (expense)	9,878	(280)	(377)	–	9,221
Non-controlling interest	1,726	1,160	–	–	2,886
Segmented (loss) / profit from continuing operations	**(44,460)**	**(4,079)**	**68,511**	**-**	**19,972**
Loss from discontinued operation	–	–	(896)	–	(896)
Gain on sale of discontinued operation	–	–	5,911	–	5,911
Segmented (loss) / profit	**(44,460)**	**(4,079)**	**73,526**	**-**	**24,987**
Property, plant and equipment	469,435	9,208	3,927	–	482,570
Total assets	552,380	50,429	73,137	–	675,946
Capital expenditures	138,934	–	–	–	138,934

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

For the year ended December 31, 2009, segmented information is presented as follows

	Year Ended December 31 2009						
	Kinsevere	Mutoshi	CDA	Inter-segment	Total continuing operations	Discontinued operations (Dikulushi)	Total operations
Concentrate sales	49,442	(207)	–	–	49,235	1,814	51,048
Operating expenses	(34,364)	(1,362)	(4,053)	–	(39,779)	(4,844)	(44,623)
Amortization	(12,912)	(1,516)	(2,052)	–	(16,480)	(859)	(17,339)
Segmented operating profit / (loss)	**2,166**	**(3,085)**	**(6,105)**	**-**	**(7,024)**	**(3,889)**	**(10,914)**
Interest and financing fees	(814)	(2,653)	(160)	2,487	(1,140)	–	(1,140)
Other income	278	(77)	12,338	(11,217)	1,322	101	1,423
Loss on derivative instrument	(586)	–	–	–	(586)	–	(586)
Write back provision for impairment of assets	–	–	4,052	–	4,052	–	4,052
Provision for impairment of assets	(2,431)	–	(445)	–	(2,876)	(358)	(3,234)
Exploration expenditure written off	–	–	(3,225)	–	(3,225)	–	(3,225)
Other expenses	(8,881)	(894)	(10,453)	8,730	(11,497)	86	(11,411)
Segmented (loss) before under noted items	**(10,268)**	**(6,709)**	**(3,997)**	**-**	**(20,974)**	**(4,061)**	**(25,035)**
Income taxes	3,116	(3)	186	–	3,299	410	3,709
Non-controlling interest	–	–	–	–	–	406	406
Segmented (loss)	**(7,152)**	**(6,712)**	**(3,811)**	**-**	**(17,675)**	**(3,245)**	**(20,920)**
Property, plant and equipment	309,919	10,295	5,348	–	324,562	2,433	326,995
Total assets	458,449	58,119	97,670	–	614,238	7,270	621,508
Capital expenditures	44,096	4,738	479	–	49,313	–	49,313

The operations in DRC comprise i) the Kinsevere copper mine, which is currently operating a HMS plant, ii) the Dikulushi copper-silver mine, which was sold in April 2010, iii) the Mutoshi copper mine, which has ceased operating the HMS plant and is currently on care and maintenance, and iv) exploration on tenements held in the DRC. The Group's Australia and North America segment carry all corporate activity costs.

All material assets comprising property, plant and equipment and associated inventories and other current assets relate primarily to the Dikulushi, Mutoshi and Kinsevere mines. The total assets located by geographic areas are as follows:

	December 31 2010 $	December 31 2009 $
Total assets – Geographical reporting		
Democratic Republic of Congo	605,674	523,701
Zambia	–	712
Australia[1]	17,059	66,524
North America[1]	53,213	23,301
	675,946	**614,238**

1. These assets are physically held in the respective geographical regions and relate mainly to corporate and management activity.

The geographic distribution of the Group's external revenues, which are attributed to regions based on the location of the principal underlying asset, are as follows:

	Year Ended December 31 2010 $	2009 $
Revenues – Geographical reporting		
Democratic Republic of Congo	60,149	49,235

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

28. Earnings / (loss) per share from continuing operations

	Year Ended December 31 2010 $	2009 $
Basic profit / (loss) per share	0.13	(0.18)
Diluted profit / (loss) per share	0.13	(0.18)
Weighted average number of ordinary shares outstanding – basic earnings per share	150,262,219	97,284,616
Weighted average number of ordinary shares outstanding – diluted earnings per share	154,756,802	97,284,616

The reconciliation of basic and diluted earnings per share where relevant are as follows:

	Year ended December 31, 2010		
	Profit $	No. of Shares	$ per share
Basic profit per share from continuing operations	19,972	150,262,219	0.13
Diluted profit per share from continuing operations	19,972	154,756,802	0.13

	Year ended December 31, 2009		
	Loss $	No. of Shares	$ per share
Basic and Diluted loss per share from continuing operations	(17,675)	97,284,616	(0.18)

29. Supplementary cash flow information

	Year Ended December 31 2010 $	2009 $
(a) Changes to non-cash working capital		
Accounts receivable	8,193	2,902
Inventories	64	11,598
Prepaid expenses and deposits	(108)	(1,101)
Accounts payable and accrued liabilities	(6,586)	(8,526)
Income taxes	(1,480)	(45)
Other liabilities	1,383	(360)
	1,466	**4,468**
(b) Other information		
Interest paid	(59)	(160)
Interest received	2,297	1,393
Income tax paid	(767)	-

30. Subsequent events

During January 2011, Trafigura exercised 6.0 million common share purchase warrants for proceeds of $16.6 million. Pursuant to a $200 million funding arrangement agreed with Trafigura in August 2009, Trafigura was issued 11,228,320 Warrants which entitle the holder to acquire one common share of Anvil upon payment of C$2.75 per Warrant. The remaining 5,228,320 outstanding Warrants will expire on June 12, 2012.

In January 2011, the Company entered into a zero-cost collar transaction (the "Hedging Transaction") with an international bank, to hedge 250 tonnes per month of its anticipated copper production for the first half of 2011. Under the terms of the Hedging Transaction, the Company has locked in a floor price of $3.86 per pound and a cap price of $4.37 per pound and will receive the market price where the copper price is between $3.86 per pound and $4.37 per pound.

31. Deed of cross guarantee

Information in relation to the Deed of cross guarantee is presented for the purposes of the Group's reporting obligations in Australia which requires a disclosing entity, which is a registered foreign holding company to disclose condensed statements of earnings and balance sheets of both "the Closed Group" and "the Extended Closed Group" as defined by the Australian Securities and Investments Commission ("ASIC") Class Order 98/1418.

On June 30, 2004, Anvil Mining Limited, Anvil Mining Management NL (deregistered on January 2, 2009), Central African Holdings Pty Ltd, Congo Development Pty Ltd, Anvil Mining No 2 Pty Ltd (deregistered on December 12, 2007), Anvil Mining No 3 Pty Ltd (deregistered on December 12, 2007), Leda Mining Pty Ltd (deregistered on April 10, 2009) and Bannon Mining Pty Ltd (deregistered on April 10, 2009) (together the "Closed Group") entered into a Deed of Cross Guarantee and in August 2004 a Deed of Variation (together the "Deeds"), under which each company guarantees the liabilities of all other companies that are party to the Deeds. A benefit arising from the Deeds is to relieve eligible entities from the requirements to prepare audited financial reports under the Australian Corporations Act 2001 and ASIC accounting and audit relief Orders.

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

The following entities form part of the consolidated entity but are not members of the Closed Group:

Anvil Mining Investments Limited, L'Entreprise Minière de Kolwezi sprl, Société Minière de Kolwezi sprl, AMCK Mining sprl, Anvil Mining Holdings Ltd, Anvil Mining Services sprl, Anvil International Holdings Limited, Anvil Mining Australia Pty Ltd, Anvil International Finance Limited and Anvil Mining Investment Company South Africa (Pty) Ltd (together the "Extended Closed Group").

Set out below are the condensed statements of earnings and balance sheets for the year ended December 31, 2010 and December 31, 2009 of the Closed Group and the Extended Closed Group:

Condensed Statement of Earnings	**Closed Group**		**Extended Closed Group[1]**	
	Year Ended Dec. 31 2010 $	**Year Ended Dec. 31 2009 $**	**Year Ended Dec. 31 2010 $**	**Year Ended Dec. 31 2009 $**
Copper-silver concentrate sales	–	–	60,149	49,235
Cost of operations	–	–	(33,290)	(39,779)
Amortization	(3)	–	(18,111)	(16,480)
Operating profit	**(3)**	**–**	**8,748**	**(7,024)**
Other income[2]	8,845	2,257	3,899	1,322
Share of loss in associates	–	–	(533)	–
General, administrative and marketing	(4,350)	(7,713)	(12,607)	(10,067)
Gain / (loss) on derivative instrument	–	(586)	768	(586)
Exploration expenditure written off	(153)	–	(1,315)	(3,225)
Foreign exchange gains	118	645	2,499	461
Provision for impairment of assets	–	–	–	(2,876)
Write back of Provision for impairment of investments	9,688	4,052	9,688	4,052
Stock based compensation	(855)	(1,891)	(855)	(1,891)
Interest and financing fees	(35)	(88)	(2,427)	(1,140)
Earnings / (loss) before income tax and non controlling interests	**12,895**	**(3,324)**	**7,865**	**(20,974)**
Income tax (expense) / recovery	(1)	–	9,221	3,299
Non-controlling interest share of loss	–	–	2,886	–
Net income / (loss) from continuing operations	**12,894**	**(3,324)**	**19,972**	**(17,675)**
Loss from discontinued operation before non-controlling interest share of loss	–	–	(896)	(3,651)
Non-controlling interest share of loss	–	–	–	406
Gain on sale of discontinued operations	–	–	5,911	–
Net income / (loss)	**12,894**	**(3,324)**	**24,987**	**(20,920)**
Retained (deficit) / earnings at beginning of the year	(80,743)	(77,419)	50,067	70,987
Adjustment to opening retained earnings	–	–	–	–
Share of loss in associates	–	–	–	–
Dividends declared[2]	–	–	–	–
Retained (deficit) / earnings at end of the year	**(67,849)**	**(80,743)**	**75,054**	**51,067**

Expressed in thousands of US dollars, except per share amounts and as otherwise stated

Condensed balance sheets	Closed Group		Extended Closed Group[1]	
	Year Ended Dec. 31 2010 $	Year Ended Dec. 31 2009 $	Year Ended Dec. 31 2010 $	Year Ended Dec. 31 2009 $
ASSETS				
Current assets				
Cash and cash equivalents	30,193	1,960	56,415	120,753
Restricted cash	764	–	7,314	
Accounts receivable	1,284	44	10,764	17,967
Inventories	–	–	14,060	14,220
Available-for-sale investments	–	1,243	–	1,243
Prepaid expenses and deposits	79	99	2,224	25,899
Current assets classified as held for sale	–		–	2,114
Derivative financial instruments	–		182	
	32,320	**3,346**	**90,959**	**182,196**
Non current assets				
Receivables from subsidiaries[3]	411,781	407,307	–	–
Restricted cash	513	608	513	887
Available-for-sale investments	–	16,827	–	16,827
Deferred financing fees	–	2,865	–	2,865
Equity accounted investment	–	–	11,927	–
Long-term receivable	–	–	14,253	15,468
Long-term inventory	–	–	13,109	11,163
Exploration and acquisition expenditure	1,944	1,765	61,411	62,384
Property, plant and equipment	–	3	482,570	324,562
Non-current assets classified as held for sale	–	–	1,204	5,156
	414,238	429,375	584,987	439,312
Total assets	**446,558**	**432,721**	**675,946**	**621,508**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	3,501	304	29,508	12,037
Derivative financial instrument	–	–	–	586
Income taxes payable	–	–	21	6
Other liabilities	58	48	2,634	1,712
Current portion of long-term debt	–	–	4,649	290
Current liabilities directly associated with non-current assets classified as held for sale	–	–	–	1,764
	3,559	352	36,812	16,395
Non current liabilities				
Long-term debt	–	–	31,829	74
Asset retirement obligations	–	–	13,394	12,858
Other non-current liability	–	–	144	6,711
Future income tax liability	–	–	10,751	21,048
Non-current liabilities directly associated with non-current assets classified as held for sale	–	–	–	983
	–	–	56,118	41,674
Total liabilities	**3,559**	**352**	**92,930**	**58,069**
Net assets	**442,999**	**432,369**	**583,016**	**563,439**
Shareholders' equity				
Equity accounts	510,848	513,112	510,848	513,112
Retained (deficit) / earnings	(67,849)	(80,743)	75,054	50,067
Non-controlling interest	–	–	(2,886)	260
Total equity	**442,999**	**432,369**	**583,016**	**563,439**

1 The members of the consolidated entity comprising the Extended Closed Group are the same as those entities, which comprise the consolidated entity, as Anvil Mining Limited is the ultimate parent entity.
2 Other income of the Closed Group includes inter-company charges between the Closed Group and entities outside the Closed Group amounting to $3.9 million for the year ended December 31, 2010 (year ended December 31, 2009: $1.3 million).
3 These long-term receivables relate to receivables from controlled entities, which are outside the Closed Group, as is listed above.

Additional **Australian Securities Exchange** Information

as at February 28, 2011

PLACE OF INCORPORATION

Anvil is incorporated in the Northwest Territories, Canada.

CHAPTERS 6, 6A, 6B AND 6C OF THE AUSTRALIAN CORPORATIONS ACT

Anvil is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares in Anvil in relation to substantial holdings and takeovers.

SUMMARY OF CANADIAN LEGAL REQUIREMENTS RESPECTING THE ACQUISITION OF SECURITIES OF ANVIL

The following highlights the Canadian legal requirements applicable to persons who wish to acquire a substantial shareholding in Anvil.

The applicable Canadian laws, like their Australian equivalent, are very technical. Shareholders should therefore consult their own Canadian legal advisors with respect to these matters rather than relying upon this summary.

Early Warning Reporting and Conduct of Takeover Bids

Canadian securities laws include a comprehensive code governing both the reporting of the acquisition of significant shareholdings and the conduct of takeover bids. For the purposes of these rules, a person is deemed to own all Common Shares and securities convertible into Common Shares that are owned directly or indirectly by or over which control or direction is exercised by, persons acting jointly or in concert with that person. Anvil's Common Shares trade on the Australian Securities Exchange in the form of CHESS Depositary Instruments (CDIs), with each CDI being equal to one Common Share. For the purposes of these rules, the CDIs are considered to be a security convertible into Common Shares.

Early Warning Reporting

Under applicable Canadian securities legislation, any person who directly or indirectly acquires beneficial ownership of, or the power to exercise control or direction over, Common Shares (or securities convertible into Common Shares) of Anvil that, together with any Common Shares held by that person, would constitute 10% or more of the outstanding Common Shares, must forthwith issue a news release in Canada announcing the number of such securities they hold and their intentions with respect to the securities of Anvil. A formal report (an "early warning report") setting forth this information is also required to be filed with the Canadian Securities Commissions in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec within two business days of the acquisition of Common Shares (or convertible securities) that results in the person holding 10% or more of such securities.

Whenever a person who has filed an early warning report acquires an additional 2% of Anvil's Common Shares (including securities convertible into Common Shares), or if there is a change in a material fact disclosed in a previously filed report, an additional report must be filed within the same time limits.

Takeover Bid Rules

Any person who acquires or offers to acquire 20% or more of Anvil's Common Shares is deemed to be making a takeover bid. The applicable Canadian securities legislation generally provides that takeover bids must:

- be made available to all shareholders,
- be open for acceptance for a minimum of 35 days,
- offer identical consideration to all shareholders, and
- be made by a takeover bid circular containing prescribed information about the bidder and its intentions with respect to Anvil.

There are also rules that require the bidder to offer at least as high a price and offer to acquire at least as great a percentage as any the bidder gave to any other person in the 90-day period preceding the bid.

There are various statutory exemptions available from these rules. In particular, a person may acquire up to 5% of Anvil's Common Shares in any 12 month period at prices not in excess of "market price" (plus brokerage). Also, a person may acquire Common Shares of Anvil from no more than five persons in private transactions at no more than 115% of "market price".

Insider Reporting

A person who acquires direct or indirect beneficial ownership of or the power to exercise control or direction over more than 10% of the Common Shares of Anvil is considered to be an "insider" of Anvil. Each insider must file an initial insider report in prescribed form within 10 days of becoming an insider disclosing the holdings of that person. A further insider report must be filed within 10 days of any change in the ownership or control or direction over securities of Anvil by that insider.

Insider reports are filed electronically using the System for Electronic disclosure by Insiders (or SEDI) established by the Canadian securities Administrators. Further information about SEDI can be found at the SEDI website: www.sedi.ca.

Compulsory Acquisition

A person who acquires 90% of the outstanding Common Shares in a takeover bid (other than any Common Shares owned by that person, its affiliates and associates at the commencement of the bid) may acquire any remaining Common Shares. The shares will be acquired at the price paid in the takeover bid unless the minority shareholder demands that they be acquired at fair value, as determined by the Court.

RESTRICTIONS ON FOREIGN INVESTMENT – INVESTMENT CANADA ACT

The Structure of the Act

The Investment Canada Act requires acquisitions of existing Canadian businesses by foreign nationals to be reviewed by the Investment Canada division of Industry Canada when the value of the acquired business exceeds C$5 million. However, under the agreement establishing the World Trade Organization ("WTO"), a special status is conferred upon nationals of WTO member states and entities controlled by them. The investment threshold limit applicable to WTO investors (which includes Australians and Australian controlled companies) is currently (2007 year) businesses with assets valued at C$281 million. The threshold limit is adjusted annually based on the change to the Canadian GDP in each succeeding year. Any transaction below the current threshold is not reviewable unless the Canadian business is a "cultural business", provides any financial service, engages in the production of uranium or provides any transportation service. Anvil does not currently carry on any business that would require review for an acquisition under the threshold.

In order for a reviewable transaction to be approved by Investment Canada, it must result in a "net benefit" to Canada. The Investment Canada Act sets out a number of factors that are to be taken into account in determining whether the proposed investment is of net benefit to Canada, including the effect of the investment on the level and nature of economic activity in Canada and the degree and significance of participation by Canadians in the existing and proposed businesses. Factors such as continued employment and infusion of capital by the acquiror are particularly significant to Investment Canada and assist in meeting the net benefit test. Conversely, plans to downsize following a merger can be impediments to achieving approval for the investment.

Investments by non-Canadians in non-reviewable acquisitions and in the establishment of a new business are subject only to a notice filing requirement that must be made within 30 days following implementation of the investment.

Investment Review

If a proposed investment is subject to review, the Minister of Industry who is responsible for Investment Canada will, on recommendation of Investment Canada, either approve or not approve the proposed investment. The Minister of Industry has the power to order divestiture of control of a Canadian business that is the subject of an investment. The Investment Canada Act allows for negotiations to take place between Investment Canada and the investor to amend the terms of the application to provide for commitments, plans and undertakings, including with respect to the expenditure of certain amounts on capital or technology as well as the maintenance of employment levels or retaining head office functions in Canada so that the application is more acceptable to the Minister. Investment Canada, in the course of its review, will seek input from provincial governments or other government departments that they believe may be affected by, or have an opinion on, the investment.

Waiting Periods

If a review is required, then Investment Canada must, within 45 days after receipt of a complete review application, advise the investor whether or not the investment is, in the view of the Minister, of net benefit to Canada. The Minister is entitled to a 30-day extension, on notice to the investor, for completion of the review. After such time, the Minister may request an extension, which must be mutually agreed to by the investor.

Competition Review of Mergers

The Competition Act (Canada) defines a merger to include any acquisition, direct or indirect, by one or more persons, by any means, of control over, or significant interest in, the whole or part of a business of a competitor, supplier, customer or other person. An acquisition of control of Anvil would therefore be a merger for the purposes of this legislation.

The Commissioner of Competition may apply to the Competition Tribunal for a review of any merger or proposed merger. If the Tribunal determines that a merger or proposed merger prevents or lessens or is likely to prevent or lessen competition substantially, then the Tribunal has the power to prohibit or dissolve the merger or order divestiture of assets or shares. The Commissioner may make the application at any time up to three years after a merger has been consummated if, in the Commissioner's opinion, the merger raises concerns of substantial lessening of competition in the relevant market.

Pre-Merger Notification

The parties to a proposed merger must notify the Competition Bureau prior to completion of the transaction where the transaction exceeds two threshold tests.

The first threshold is met if the parties to the transaction, together with their affiliates, have assets in Canada or gross annual revenues from sales in or from Canada, that exceed C$400 million. For the purposes of this test, the Competition Act deems the parties to a proposed acquisition of shares to be the person or persons who propose to acquire the shares and the corporation the shares of which are to be acquired.

The second threshold is met if the transaction is an acquisition, direct or indirect, of an operating business that has assets in Canada the value of which exceeds C$50 million or gross revenues from sales in or from Canada generated from those assets exceeding C$50 million. In the case of an amalgamation where at least one of the amalgamating corporations carries on, or controls a company that carries on, an operating business in Canada, the threshold is met if the continuing corporation (or corporations controlled by the continuing corporation) has assets in Canada the value of which exceeds C$70 million or gross revenues from sales in or from Canada generated from those assets exceeding C$70 million. Given the broad definition of merger, an acquisition of 20% of all outstanding publicly trading voting shares of a company or the acquisition of 35% of all outstanding voting shares of a private company that is, or controls, an operating business with assets or gross revenues that meet the prescribed threshold will require pre-merger notification.

Filing and Waiting Periods

Where pre-notification is required, one or more of the parties involved in the transaction must file a notice of the proposed merger and provide the prescribed information. There are two possible filings, a "long form" and a "short form". The Bureau reserves the right to require a party submitting a short form filing to file the information contained in a long form filing.

If a short form is filed and accepted as complete by the Bureau, the parties may not complete the merger until 14 days after the short form notification has been receipted by the Bureau, provided that the Bureau does not require the applicant to file a long form. Generally speaking, if the short form has been correctly completed, the Bureau will issue its receipt within one business day following submission. However, the Bureau may notify the applicant that its application is incomplete, and the waiting period will not commence until the Bureau is satisfied that all required information has been received.

If a long form is filed, and accepted as complete by the Bureau, the parties may not complete the merger until 42 days after the long form notification has been receipted by the Bureau.

Advance Ruling Certificates

Where the Commissioner is satisfied, upon application by a party or parties to a proposed transaction, that there would not be sufficient grounds on which to apply to the Tribunal for an order under the merger provisions regarding the transaction, the Commissioner may issue an advance ruling certificate ("ARC") to this effect. The Commissioner is required to consider any request for an ARC as expeditiously as possible.

If the transaction to which an ARC relates is substantially completed within one year after the ARC is issued, the Commissioner may not apply to the Tribunal for a review of the transaction solely on the basis of information that is the same or substantially the same as the information on the basis of which the ARC was issued.

ISSUED CAPTIAL AND SHAREHOLDER INFORMATION

Statement of issued capital at February 28, 2011.

Distribution of fully paid holders of Common Shares

Size of Holding	Number of Shareholders	No. of Common Shares
1 – 1,000	548	259,639
1,001 – 5,000	377	989,998
5,001 – 10,000	92	731,035
10,001 – 100,000	94	2,802,235
100,001 – and over	13	152,340,252
Total Shareholders	1,124	157,123,159

At the date of this statement there existed zero shareholders who held less than a marketable parcel of shares.

Number of Anvil securities quoted on ASX

There are, as at end February 28, 2011, 10,512,093 Common Shares of Anvil quoted on the ASX in the form of CHESS Depositary Instruments ("CDIs").

Number of Anvil securities not quoted on ASX

Number	Class
3,758,361	Stock options (Anvil Share Incentive Plan)
5,228,320	Warrants

Voting rights

All Anvil Common Shares carry one vote per share.

Each CDI represents an interest in one Common Share.

CDI holders are the beneficial owners of Common Shares and although they are not entitled to attend and vote at Anvil shareholder meetings, CDI holders may direct CHESS Depositary Nominees Pty Ltd, as the legal holder of their Common Shares, to cast proxy votes at the relevant meeting.

Substantial shareholders (at February 28, 2011)

Name	No. of Common Shares	%
Trafigura Beheer B.V.	59,248,729	37.71
Acuity Investment Management Inc.	12,213,300	7.77
J.P. Morgan Chase and Co.	10,752,749	6.84
Colonial First State Investments Limited	10,124,566	6.44

Quotation

The Common Shares are quoted as "AVM" on the Toronto Stock Exchange and the CDIs are quoted as "AVM" on the Australian Securities Exchange.

Twenty Largest Shareholders

As at February 28, 2011, the twenty largest shareholders as known by Anvil, held 93.56% of the total Common Shares as follows:

Rank	Shareholder	Common Shares	% Common Shares
1	Trafigura Beheer B.V.	59,248,729	37.71%
2	CDS & CO.	49,615,883	31.58%
3	Acuity Investment Management Inc.	12,213,300	7.77%
4	JP Morgan Chase & Co & Affiliates	10,752,749	6.84%
5	Colonial First State Investments Limited	10,124,566	6.44%
6	Wintercoast Pty Ltd	1,188,667	0.76%
7	National Nominees	861,945	0.55%
8	Zero Nominees Pty Ltd	701,500	0.55%
9	HSBC Custody Nominees (Australia) Limited	633,813	0.40%
10	RBC Dexia Investor Services Australia	379,397	0.24%
11	Citicorp Nominees	275,399	0.18%
12	UBS Nominees Pty Ltd	234,635	0.15%
13	Trevor And Jasmine Green	205,000	0.13%
14	James Howard Nigel Smalley	100,000	0.06%
15	Timmid Pty Ltd	84,910	0.06%
16	Mr Phillip John Young	84,074	0.05%
17	Ms Margerita Blazic	75,721	0.05%
18	Anthony Neil Wallis	75,100	0.05%
19	Christopher Scott Manwaring	75,000	0.05%
20	Mr Steven Wang & Ms Jane Chen	70,300	0.04%
Total		**147,003,688**	**93.56%**
Total No of Shares Issued		**157,123,159**	

Project	Tenement	Commodity	Entity's Interest
DRC PROJECTS			
KALEMIE ACCORD			
FIZI	818	Gold/Copper/PGMs	100%
FIZI	819	Gold/Copper/PGMs	100%
FIZI	820	Gold/Copper/PGMs	100%
FIZI	821	Gold/Copper/PGMs	100%
FIZI	822	Gold/Copper/PGMs	100%
FIZI	823	Gold/Copper/PGMs	100%
FIZI AND KALEMIE	824	Gold/Copper/PGMs	100%
KALEMIE	825	Gold/Copper/PGMs	100%
KALEMIE	826	Gold/Copper/PGMs	100%
KALEMIE	827	Gold/Copper/PGMs	100%
KALEMIE	828	Gold/Copper/PGMs	100%
KALEMIE	829	Gold/Copper/PGMs	100%
MUTOSHI PROJECTS			
Kulumaziba River Tailings	2812	Copper/Cobalt/Gold	70%
Mutoshi	2604	Copper/Cobalt/Gold	70%
KINSEVERE PROJECTS			
Kinsevere	528	Copper/Cobalt/Gold	95%
Nambulwa	539	Copper/Cobalt/Gold	95%

Statement of **Corporate Governance Practices**

This statement outlines the main Corporate Governance practices that were in place at the date of this annual report. Unless otherwise noted, Anvil complies with the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations," second edition (the "Principles").

The Corporation was incorporated on January 8, 2004 for the purpose of becoming the new Canadian holding company of Anvil Mining NL, pursuant to a court approved scheme of arrangement (the "Reorganization"). In conjunction with the Reorganization, the composition of the board was substantially changed and new corporate governance documentation which supports the need of both the Canadian and Australian legislation and the Principles was prepared. This report is based wholly on the Board of Anvil Mining Limited as at the date of this report.

BOARD OF DIRECTORS

The Board of Directors is responsible for supervising the management of the business and affairs of the Corporation in a way that ensures that the interests of shareholders and stakeholders are promoted and protected.

The composition of the Board is determined using the following principles:

- The Board shall comprise a minimum of four Directors. This number may be increased where it is felt additional expertise is required in specific areas or when the growth of the Corporation warrants additional Directors.
- The Board consists of seven Directors, six of whom are non-executive Directors. At least half of the non-executive Directors shall be independent. The independence of Directors will be determined in accordance with the definitions contained in Canadian National Instrument 58-101.
- The Chairman of the Board shall be a non-executive Director.

COMMITTEES OF THE BOARD

The Board of Directors has established the following committees:

- Audit Committee
- Nomination, Compensation and Corporate Governance Committee
- Corporate Responsibility and Safety Committee

The Board of Directors has approved charters for the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Corporate Responsibility and Safety Committee. Each charter must be periodically reviewed and approved by the Board of Directors. As necessary, the Board considers for review those matters that have been delegated to Board committees for review.

MEMBERSHIP OF THE BOARD

John W. Sabine
Chairman, Independent Director

Mr. Sabine has been a Board member of Anvil Mining Limited since February 2004. He is Counsel to the Canadian law firm, Fraser Milner Casgrain LLP. He is recognised as a leading mining practitioner in Canada with experience in mining and resource law and corporate finance, and lectures on various legal topics, including those relating to securities, mergers and acquisitions and corporate governance. He has been a member of the Securities Advisory Committee to the Ontario Securities Commission. During 39 years of practice, he has served as a director of several mining and resource companies and currently is a director of Lipari Energy Inc.

William S. Turner
President and Chief Executive Officer, Director

Mr. Turner has been a Board member of Anvil Mining Limited since September 1996. He has a Bachelor of Science (Geology and Mineralogy) from the University of Queensland, a Master of Science from James Cook University and an M.B.A. from Monash University, and worked internationally at a senior level for over 15 years in Central and Southeast Asia and Africa. Prior to joining Anvil in 1995, he worked with Dominion Mining Limited over a period of 10 years as the General Manager — Indonesia and Special Projects Manager — Australia. Mr. Turner is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Turner is a member of the Corporate Responsibility and Safety Committee.

Thomas C. Dawson
Chairman of the Audit Committee and Independent Director

Mr. Dawson has been a Board member of Anvil Mining Limited since May 2005. He received his B.Comm. from Concordia University, Montreal, Canada, in 1959. He has been a Chartered Accountant since 1961 and is a retired senior audit and accounting partner with 40 years of experience at Deloitte & Touche LLP, Chartered Accountants. He currently serves as a director of several other companies, including WFI Industries Ltd., Energy Split Corp., Energy Split II Corp and Seabridge Gold Inc. Mr. Dawson is Chairman of the Audit Committee and a member of the Nomination, Compensation and Corporate Governance Committee.

Patrick Evans
Independent Director

Mr. Evans has been a Board member of Anvil Mining Limited since April 2009. He is currently President, CEO and director of Mountain Province Diamonds Inc., a director of Norsemont Mining Inc., and an independent director of Pan Global Resources Inc., all companies listed on the TSX. He previously served as the CEO of Norsemont Mining Inc. (acquired by HudBay Minerals Inc), President and CEO of Weda Bay Minerals (acquired by Eramet S.A.), as President and CEO of Southern Platinum Corp., CEO and director of Messina Limited (acquired by Lonmin Plc), President and CEO of SouthernEra Diamonds Inc. and Vice President of Placer Dome Inc. Mr. Evans holds a Bachelor of Arts and a Bachelor of Science from the University of Cape Town (South Africa). Mr. Evans is Chairman of the Nomination, Compensation and Corporate Governance Committee and a member of the Audit Committee and Corporate Responsibility and Safety Committee.

Jeremy Weir
Director

Mr. Weir has been a Board member of Anvil Mining Limited since September 2009. He joined Trafigura in 2001 where he is currently an executive director of Trafigura, with responsibility for Trafigura's metals derivatives trading operations and mining investments. In addition, Mr. Weir is Chief Executive Officer and Chief Investment Officer of Galena Asset Management Ltd, Trafigura's hedge fund asset manager and a non-executive director of Iberian Minerals Corp., a company listed on the TSX Venture Exchange. Prior to joining Trafigura, Mr. Weir was a main board director with N.M. Rothschild and Sons where he worked in both Australia and London and was responsible for commodity trading, marketing, and Rothschild's international metals derivatives business. Prior to 1992, Mr. Weir worked for various mining companies in Australia and was involved in risk management and trading in metals and concentrates. Mr. Weir holds a BSc (Hons), Geology Major, from the University of Melbourne. Mr. Weir is a member of the Nomination, Compensation and Corporate Governance Committee.

Jesus Fernandez
Director

Mr. Fernandez has been a Board member of Anvil Mining Limited since December 2009. He has been a part of the Trafigura team since 2004 and is currently Head of Mergers and Acquisitions Mining and CFO of Trafigura's mining division. Mr. Fernandez has more than seven years of experience in the corporate finance market and leads acquisitions and financings where Trafigura has an interest. Mr. Fernandez has also been a director of Iberian Minerals Corp. since 2008 and a director of Cadillac Ventures Inc. since 2009, both of which are listed on the TSXventure Exchange. During the three years prior to joining Trafigura, Mr. Fernandez was employed with International Power Plc in London, working in its project finance team. He holds an MA in Finance and Investment from the University of Exeter and a Licenciatura in Economics, from the Universidad de Cantabria, Spain. Mr. Fernandez is a member of the Audit Committee.

Deon Garbers
Director

Mr. Garbers has been a Board member of Anvil Mining Limited since February 2010. He is a metallurgical engineer with 20 years experience in the mining industry. Mr Garbers is also a member of the Technical Committee, comprised of both Trafigura and Company representatives, which provides technical support for the Company's operations, in particular, with the development of Kinsevere Stage II. Mr. Garbers is Chairman of the Corporate Responsibility and Safety Committee.

Board and Board Committee Meetings held in 2010

Name of Director	Date Appointed Director	Board Meetings Attended (Held)	Audit Committee Meetings Attended (Held)	Nomination, Compensation and Corporate Governance Committee Meetings Attended (Held)	Corporate Responsibility and Safety Committee Meetings Attended (Held)
William S. Turner	September 23, 1996	9 (9)			1 (1)
John W. Sabine	February 29, 2004	9 (9)			
Thomas C. Dawson	May 27, 2005	9 (9)	4 (4)	5 (5)	
Patrick C. Evans[1]	April 2, 2009	8 (9)	4 (4)	5 (5)	1 (1)
Kenneth L. Brown[2]	November 9, 2006	9 (9)			
Jeremy C. Weir	September 24, 2009	9 (9)		4 (5)	
Jesus Fernandez	December 10, 2009	7 (9)	4 (4)		
Deon Garbers[3]	February 28, 2010	8 (9)			1 (1)

1. Mr. Evans replaced Mr. Brown as a member of the Audit Committee in June 2010.
2. Mr. Brown resigned from the Board on February 28, 2010.
3. Mr. Garbers became a director on February 28, 2010.

INDEPENDENT PROFESSIONAL ADVICE

Each director has the right to seek independent professional advice at the Corporation's expense. However, prior approval of the Chairman is required, which approval will not be unreasonably withheld.

PERFORMANCE EVALUATION OF THE BOARD

The Nomination, Compensation and Corporate Governance Committee of the Board has been delegated responsibility for all matters in relation to evaluating the performance of the Board and key executives. The performance of the Board and key executives is reviewed against both measurable and qualitative indicators. The Board also discusses with each director their requirements, performance and involvement in the Corporation.

COMPENSATION POLICIES AND PROCEDURES

Compensation-related matters are the responsibility of the Nomination, Compensation and Corporate Governance Committee. The responsibilities of the committee are outlined in its charter. Disclosures on director and executive remuneration as required by Principle 8 are contained in the Corporation's Management Information Circular. As all shareholders will get a copy of the Management Information Circular, it is not considered necessary to reproduce it in this statement. Copies of the AIF, Management Information Circular and charter are available at www.anvilmining.com

AUDIT COMMITTEE

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities, primarily through overseeing management's conduct of the Corporation's accounting and financial reporting process and systems of internal accounting and financial controls; selecting, retaining and monitoring the independence and performance of the Corporation's external auditors, including overseeing the audits of the Corporation's financial statements, and approving any non-audit services; and providing an avenue of communication among the external auditors, management and the Board.

The Committee's key responsibilities are:

- Evaluating whether management is setting the appropriate "control culture";
- Reviewing annually the adequacy and quality of the Corporation's financial and accounting staff, the need for and scope of internal audit reviews, and the plan, budget and designations of responsibilities for any internal audit;
- Reviewing the performance and material findings of internal audit reviews;
- Reviewing annually with the external auditors, any significant matters regarding the Corporation's internal controls and procedures over financial reporting that have come to their attention during the conduct of their annual audit;
- Review implementation status of internal control recommendations made by the auditors;
- Reviewing major risk exposures (whether financial, operating or otherwise) and the guidelines and policies that management has put in place to manage such exposures; and
- Establishing procedures for the receipt, retention and treatment of any complaints received by the Corporation regarding internal controls or auditing matters.

A copy of the Audit Committee's charter is available at www.anvilmining.com

CORPORATE RESPONSIBILITY AND SAFETY COMMITTEE

The Corporate Responsibility and Safety Committee advises the Board of Directors in regard to the conduct of management in the following areas:

- Sustainability;
- Safety;
- Social development and community relations;
- Health and physical environment;
- Employee relations;
- Political and operational risks associated with host country environments;
- Code of business conduct and implementation of guiding principles; and
- Reputational risk.

CODE OF BUSINESS CONDUCT

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. This commitment has been formalized in the Code of Business Conduct, a copy of which is available at www.anvilmining.com

RISK OVERSIGHT AND MANAGEMENT

The Board of Directors is charged with primary responsibility for identifying principal risks to the Corporation's business and ensuring that appropriate systems are implemented to manage these risks and mitigate their impact in the event that they materialize. At Board of Director meetings, areas of risk are reviewed, including risks relating to operating performance, exploration and development, the political environment in which the Corporation operates, budget control, asset safeguarding and information technology security.

Corporate **Directory**

ANVIL MINING LIMITED OFFICES

Australian Office (Principal place of business)

Level 1
76 Hasler Road,
Herdsman Business Park
Osborne Park, Western Australia
Australia 6017
Telephone: +61 (8) 9481 4700
Facsimile: +61 (8) 9201 0125

Canadian Office

1 Place Ville Marie, Suite 2001
Montréal, Québec, Canada H3B 2C4
Telephone: 1 514 448 6664
Facsimile: 1 514 866 2115

DRC Office

7409 Avenue de la Révolution
Lubumbashi, Katanga
Democratic Republic of Congo

INVESTOR RELATIONS

Robert LaVallière
Vice President Corporate Affairs
1 Place Ville Marie, Suite 2001
Montréal, Québec, Canada H3B 2C4
Telephone: 1 514 448 6664
Facsimile: 1 514 866 2115
Mobile: 1 514 944 9036
Email: robertl@anvilmining.com

TRANSFER AGENTS

Computershare Trust Company of Canada
100 University Ave., 8th floor
Toronto, Ontario, Canada M5J 2Y1
Telephone: 1 514 982 7555

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000
Telephone: +61 (8) 9323 2000

AUDITORS

PricewaterhouseCoopers LLP

STOCK SYMBOL

AVM (Toronto Stock Exchange, Australian Securities Exchange)

Security Code Number

A0B5NR (Berlin Stock Exchange)

BOARD OF DIRECTORS

John W. Sabine
Chairman
Ontario, Canada

William S. Turner[3]
President and Chief Executive Officer
Perth, Australia

Thomas C. Dawson[1,2]
Ontario, Canada

Patrick Evans[1,2,3]
Arizona, USA

Jesus Fernandez[1]
Geneva, Switzerland

Deon Garbers[3]
Windhoek, Namibia

Jeremy Weir[2]
Geneva, Switzerland

1. Audit Committee
2. Nomination, Compensation and Corporate Governance Committee
3. Corporate Responsibility and Safety Committee

EXECUTIVE OFFICERS

William S. Turner
President and Chief Executive Officer

Paul Chare
Vice President Operations

Philippe Monier
Vice President Corporate and Chief Financial Officer

Robert LaVallière
Vice President Corporate Affairs

Stuart McKenzie
Company Secretary

Lui Evangelista
Financial Controller

Alan Walker
Senior Project Manager, Kinsevere

Brendan Moseley
Manager Operations, Kinsevere

Russell Boylan
Manager Human Resources

Mike Lawlor
Manager Group Technical Services

Karen O'Neill
Commercial Manager,
Kinsevere Stage II

www.anvilmining.com

The site contains the latest news releases on Anvil developments.

The Anvil website is your best way of keeping up to date with our exploration, mining and expansion activities year-round. Email: info@anvilmining.com

To receive copies of corporate documents:

Copies of Anvil's annual information form, information circular and other corporate documents can be obtained from the Company's website or by written request to the Company Secretary in Osborne Park, Western Australia or the Investor Relations Department in Montréal, Canada.

♻ Printed on recycled paper

Annual and Special General Meeting

Anvil Mining Limited will hold its Annual and Special General Meeting in Toronto, Ontario on June 14, 2011.

CAUTION CONCERNING FORWARD-LOOKING INFORMATION

This annual report contains "forward-looking information" within the meaning of applicable securities laws. This forward-looking information includes but is not limited to statements and information regarding the completion and commissioning of the Stage II SX-EW Plant, production from the Stage I HMS Plant and the Stage II SX-EW Plant, the Kinsevere Project's operating parameters, including operating costs, payback and mine life and the availability and sources of financing for completion of the Stage II SX-EW Plant. Assumptions upon which such forward-looking information is based include that the development and commissioning of the Stage II SX-EW Plant will proceed as planned, the Stage I HMS plant will continue to operate as expected and that conditions to the availability of future financing will be satisfied or that future financing otherwise will continue to be or become available. You are cautioned that actual results may vary materially from those assumed or implied by the forward-looking information. Material risk factors that could cause actual results to vary materially from those assumed or implied by the forward-looking information include, among others, risks related to mining operations, including political risks and instability, risks related to international operations, including currency risks and risks of global markets, the actual market price of copper, actual results of current construction, development, mining and processing activities, the possibility of cost overruns, conclusions of economic evaluations and changes in project parameters as plans continue to be refined, as well as those factors discussed in the section entitled "Risk Factors" in the Company's annual information form, which is available under the Company's profile on SEDAR at www.sedar.com. Although Anvil has attempted to identify important factors that could cause actual results to differ materially from those assumed or implied in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended.

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